

## **The complaint**

Mr B complains that Creation Financial Services Limited (“Creation”) sold his account to a third party without telling him.

## **What happened**

Mr B had a credit card account with Creation. In March 2019, he contacted Creation and explained that, following a change in his circumstances, he was struggling to meet the payments on his card. He agreed a repayment plan with Creation, and this was put in place for six months. Mr B made all the payments in line with the plan. In October 2019, he contacted Creation again. He explained that he needed a bit longer to get things back on track. Creation agreed to a new repayment plan on the same terms, for a further six months.

Around eight days after the new repayment plan was agreed, Creation sold Mr B’s account to a debt purchase company, which I’ll call L. Creation didn’t tell Mr B it was going to do this. He found out from a relative after it had happened. L sent a letter about Mr B’s outstanding balance to his relative’s address. It appears that this was on the basis of a historic financial connection. But Mr B hadn’t been in contact with this relative for many years. The contact from L created a very awkward situation and Mr B says it has placed a strain on family relationships. In addition, because Mr B hadn’t heard of L, he says he was concerned as to whether the letter was genuine. He called them and also contacted Creation, who told him that his account had been sold to L.

Mr B says that it was unreasonable for Creation to sell his account without giving him notice. He complained to Creation, who initially rejected the complaint. It said that it was entitled to pass his account to L and that he would have received a letter telling him of its decision to do so. But Creation later reviewed its response and acknowledged that it hadn’t written to Mr B before the sale to L. It says that the usual process is for L to write and inform the customer after the account has been transferred. Because the information in its response letter had been wrong, Creation paid Mr B £50 for the inconvenience.

Mr B wasn’t happy with Creation’s response and asked this service to look at the complaint. Our investigator didn’t think Creation had acted fairly and recommended that it pay further compensation of £300 to Mr B. Creation didn’t agree, so the complaint was passed to me to be reviewed. I issued a provisional decision on 1 December 2020. I provisionally upheld the complaint and indicated that I thought Creation should pay Mr B compensation of £150, in addition to the £50 it has already paid.

Mr B accepted the provisional decision. But Creation didn’t agree. It says that it hasn’t made any mistakes here because it was entitled to sell Mr B’s account and that it was for L to communicate this to Mr B. It says that Mr B’s stress and shock at finding out that his account had been sold wasn’t over and above the stress and shock any customer would experience when finding out that their account had been sold. As to the letter which was sent to Mr B’s relative, Creation says this was sent by L and wasn’t Creation’s fault.

## **What I’ve decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I haven't been provided with any new information, but I've looked at everything again and considered the points put forward by Creation in response to my provisional decision. I realise my decision will be disappointing to Creation, but I haven't seen anything which changes my mind about the appropriate outcome here. I've taken into account the fact that Creation was entitled to sell Mr B's account under the account's terms and conditions. And that it didn't have to write to Mr B first to tell him this – it could leave it for L to tell him afterwards. But, having considered the particular circumstances of Mr B's complaint, I don't think reliance on the terms and conditions alone reflects Mr B's experience or produces a fair outcome here. So my findings below are largely unchanged from those set out in my provisional decision.

Creation agreed a new repayment plan with Mr B just days before his account was sold. Mr B had been in contact with Creation over a period of several months and had made it aware of his personal circumstances. From his point of view, he had a relationship with Creation and had come to an arrangement with it which acknowledged and reflected his circumstances. He has explained how it was a relief to have been able to come to this arrangement. It was therefore a shock to him to find out that his account had been sold to a debt purchase company.

This raised many questions for Mr B and caused a great deal of anxiety. At first, he couldn't be sure whether the letter was genuine, and he was concerned it could be a scam. He had to contact L and Creation himself to find out. And he didn't know what the implications were or how this affected the repayment plan he had just agreed. Having pro-actively come to an arrangement with his credit card provider to manage his debt, he was now facing uncertainty. Although this was relatively short lived, as he was able to speak to Creation and L to find out what had happened, Mr B has described the impact of the situation, which he found very stressful.

I think, in the circumstances here, it's reasonable to expect that Creation would have told Mr B that his account would be sold when discussing the new repayment plan with him. But Creation says that it wasn't considering selling the account at the time the repayment plan was agreed. So it says the call handler wouldn't have been aware of it and couldn't have told Mr B about it. I've no reason to doubt that the person who agreed the repayment plan over the phone didn't know the account would be sold. But I think it's fair to say that, by agreeing the new repayment plan, Creation gave Mr B the reasonable expectation that his relationship with it would continue at least in the very short term. I don't think a customer in his position would expect the situation to change within days. It's against this background that I think the shock and distress experienced by Mr B goes beyond that which many customers might experience upon learning that their account has been sold to a debt purchase company.

Mr B thought he'd got his account under control and didn't have to worry about it for the next few months. Creation didn't make him aware (even in general terms) of the possibility that he could be pursued by another firm (whether L or any other business) who might purchase the debt. And it couldn't guarantee that the repayment plan would remain in place after it sold the account, because L wasn't under an obligation to continue the arrangement. So, just days before the sale to L, Creation had agreed something with Mr B which it couldn't be sure would continue. I don't think that was reasonable.

The letter Mr B received from L didn't say that the arrangement would continue. The wording suggested that the full outstanding balance was due, or that Mr B would need to agree a new repayment plan. Mr B has described the stress this letter caused. Receiving a letter

from a debt purchase company during a difficult period, when Mr B thought he'd already got an arrangement in place, had a significant impact. The letter was sent by L, so the wording wasn't within Creation's control. But the impact of it is a direct result of Creation's decision to sell the account at that time without making Mr B aware.

I understand that L has agreed to continue the repayment plan which Mr B had agreed with Creation. So Mr B isn't worse off financially as a result of the account having been sold. But I don't think that negates the initial stress which was caused by Creation's decision to sell the account at that point in time without telling Mr B it was going to do so.

The way Mr B found out about the sale to L was very unfortunate. That letter wouldn't have been sent to his relative's address if the account hadn't been sold. But I don't think it was an inevitable consequence of the sale to L that this happened. And I'm satisfied that Creation didn't pass on the relative's details to L. So I can't fairly say that Creation is responsible to any great extent for this unfortunate incident or the associated difficulties within the family. But the fact that Creation didn't tell Mr B that it was selling his account meant that he was on the back foot and couldn't explain what the letter was about, which he says made the contact with family members more difficult and caused suspicion.

In making this decision, I've carefully considered the fact that Creation was entitled to sell the account and it didn't have to give Mr B prior notice. But I don't think reliance on the terms and conditions alone produces a fair outcome here. Creation's decision to sell the account without telling Mr B, within days of agreeing a new repayment plan with him, had a negative impact on Mr B and caused unnecessary stress, beyond the inevitable stress involved where an account is passed to a debt purchase company.

### **Putting things right**

Our awards are intended to reflect the impact of a situation on the customer and put that right, so far as possible. The impact here was significant and I don't think Creation has recognised that to date. The compensation it has paid to Mr B so far was for a mistake in the final response letter, not for any of the issues outlined above. So I think Creation needs to pay some further compensation to Mr B. Taking everything into account, I think a further payment of £150 is fair here.

### **My final decision**

For the reasons above, I uphold this complaint. My final decision is that Creation Financial Services Limited must pay further compensation of £150 to Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 February 2021.

Katy Kidd  
**Ombudsman**