

## **The complaint**

Mr K complains that he was misled by a message from Creation Financial Services Limited (Creation).

## **What happened**

Mr K had an account with Creation. He took a payment holiday in April 2020 which was due to expire on 28 August 2020. On 24 August 2020, Creation sent him a text which said, “As you’re on a payment holiday...we won’t be taking your usual monthly payment....”.

Mr K complained. Because of the text, he missed a payment to Creation and a late payment marker was recorded on his credit file. He was concerned about the effect on his credit rating. When he called Creation on 28 September 2020, he felt his complaint wasn’t taken seriously and he felt mocked. He thinks Creation put pressure on him to extend the payment holiday.

Creation responded to Mr K’s complaint in November 2020. They said Mr K’s payment holiday was due to expire in August 2020 – and if he wanted to extend it, he should call them. This was why they texted him. They didn’t uphold his complaint. Mr K then contacted Creation again and in March 2021, they accepted that the text message wasn’t accurate. They agreed to amend his credit file and paid him compensation of £60.

Mr K brought his complaint to us. He didn’t think that the compensation was high enough. Our investigator said she agreed – and that a further £50 should be paid. Creation had amended Mr K’s credit file and addressed his financial loss with a payment of £60. On the call, Creation said this wasn’t available – but they had said in March 2021 that they’d listened to it – so it must have been kept. So, she couldn’t say whether it was handled well, or not. Overall, she felt that Creation should do more. Mr K had received conflicting information from Creation – and this had caused him upset and stress. And – he then had to challenge Creation’s response to his complaint to try to get the right outcome. And all this meant that his credit file contained the wrong information for a period, all of which caused Mr K concern.

Creation accepted our investigator’s view, but Mr K didn’t. He rejected the recommendation of £50 and asked for an ombudsman to look at his complaint.

### *I reached a provisional decision where I said:*

The issue of compensation is a subjective one. Our current policy is to award payment up to £100 where a business has apologised straight away and put things right effectively. Where a customer has had to spend a lot more effort in getting to a fair and reasonable outcome, then we tend to award more – and that’s what I think happened here.

I’ve looked at Mr K’s complaint. On 24 August 2020, he received a text message which said he didn’t need to pay anything that month, so he didn’t. But – Creation then said he hadn’t paid that month’s instalment and put a marker on his credit file. So – that was clearly an error by Creation. So – Mr K complained.

But – Creation’s final response to Mr K was that they hadn’t done anything wrong – they said simply that Mr K’s payment break was due to expire in August 2020, and “*Once your payment break was due to expire, you would have had to call us to inform us of your financial situation. As your offer was coming to an end, we sent a text message to inform you of this... In view of the above, I am unable to uphold your complaint as the correct process was followed..*” So – Creation had a chance to deal with their error then but didn’t. This meant that Mr K had to challenge them again to try to get a fair response. And so, in March 2021, they agreed that the text in August 2020 was misleading and paid compensation of £60 and set the wheels in motion to amend Mr K’s credit file. But – this took several months longer than it needed to – during which time Mr K’s credit file contained a late payment marker. And – even when a business asks for a credit file to be changed, it can take several weeks for that to take place.

Mr K told us he received some declined credit applications during this time – but neither he, nor we, can be sure if this was due to the marker on his credit file. Lenders make lending decisions based on a number of criteria of which the credit file is one – but I think I can say - it wouldn’t have helped. So – during this time, Mr K was concerned about his credit rating.

Mr K says the call he made to Creation on 28 September 2020 about his complaint was badly handled. He told us he felt ‘mocked’ and felt that he wasn’t taken seriously. Creation said they’d listened to the call and in their view, that wasn’t the case. But – when we asked for the call, they couldn’t provide it. They showed us the search information to confirm it wasn’t available. So, we can’t make a judgement on that aspect of Mr K’s complaint – but I would note that it’s strange that the call can’t be provided when Creation have said they’ve listened to it themselves.

So, in the circumstances of this complaint, I do think that a higher amount of compensation is justified. And, in line with what this service would expect to see – I think Creation should pay a further £150 to Mr K. This in addition to the £60 that Creation have already paid. It should be paid to Mr K’s bank account, rather than to his account with Creation.

#### Responses to the provisional decision:

Creation accepted my findings. Mr K made the point that it was disappointing that Creation couldn’t evidence the call, but he accepted the findings.

So – I now need to make a final decision.

**(continued)**

#### **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.

As both Creation and Mr K accepted my findings, I won't be departing from my provisional decision and for the reasons I gave in it. And so – Creation must do what I recommended.

### **My final decision**

I uphold this complaint. And Creation Financial Services Limited must:

- Pay compensation of £150 to Mr K. This is in addition to the £60 already paid and should be credited to his bank account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 21 October 2021.

Martin Lord  
**Ombudsman**