

The complaint

Mr D complains that Creation Consumer Finance Limited hasn't extended the special offer date for his payment under a fixed sum loan agreement that he used to pay for a sofa.

What happened

Mr D entered into a fixed sum loan agreement with Creation Consumer Finance that he electronically signed in March 2020 to pay for a sofa. The price of the sofa was £1,488, he paid a deposit of £150 and the loan from Creation Consumer Finance was for £1,338. He agreed to repay the loan by 36 monthly payments of £70.31 with the first instalment due in March 2021. He also had the option to repay the £1,338 by a special offer date in March 2021 with no interest being payable.

There was a delay in the sofa being delivered to Mr D because of the government imposed restrictions in response to the pandemic so he didn't receive it until June 2021. He asked the retailer, which has since stopped trading, to extend the special offer date by which he had the option to repay the £1,338 without any interest being payable.

Creation Consumer Finance collected the first payment of £70.31 from him in April 2021 and said that the special offer date had expired, interest had been applied correctly and that it issued him with reminder letters in September 2020 and February 2021 about the expiration of the special offer date. It also said that it couldn't locate any evidence of an extension to that date being processed. Mr D wasn't satisfied with its response so complained to this service.

Our investigator recommended that his complaint should be upheld. She was satisfied that the retailer had extended the special offer date and she said that the agreement term supports the fact that the agreement wouldn't have started until after he received the sofa. She recommended that Creation Consumer Finance should: reimburse £70.31 to Mr D; reverse the interest charge of £437.05, so Mr D is only required to pay £1,338 (if he hasn't already done so); and reinstate his credit file and reverse any adverse marker that might have been applied in respect of this account.

Creation Consumer Finance has asked for this complaint to be considered by an ombudsman. It says that the information from the retailer about the date being applied from delivery was incorrect, the agreement doesn't state that payments will begin after delivery and it has never indicated to Mr D that the agreement would be adjusted. It says that Mr D signed the agreement and accepted the terms, there's no record of what was discussed with the retailer, it shouldn't be held accountable for any mis-information and the case was only brought to it April 2021, after the retailer had stopped trading.

Mr D says Creation Consumer Finance hasn't explained the amount of interest that it says he owes, he didn't receive the letters from it in September 2020 and February 2021 and he was dealing with the retailer about the loan agreement.

My findings

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

Having done so, I agree with the outcome recommended by our investigator for these reasons:

- the agreement was signed in March 2020 and the special offer date was twelve months later;
- the delivery of the sofa was delayed because of the government imposed restrictions in response to the pandemic so Mr D didn't receive it until June 2020;
- Mr D's notes show that he phoned Creation Consumer Finance in April 2020 and was told that he should call the retailer once the sofa had been delivered to request a three month payment break to be added to the "buy now – pay later" period;
- the retailer wrote to Mr D in June 2020 and said: *"The finance does not start coming out of your account until 30 days after delivery therefore your agreement has not started yet"*;
- that was incorrect information but I consider that it was reasonable for Mr D to rely on it at that time and to understand that the special offer date had been extended;
- it was clearly Mr D's intention that he would pay £1,338 to Creation Consumer Finance to repay the loan without paying any interest by the special offer date – and I consider that it was more likely than not that he would've paid that amount to Creation Consumer Finance by the date in March 2021 but didn't do so because of the incorrect information that he'd been given by the retailer; and
- I'm not persuaded that it's fair or reasonable for Creation Consumer Finance to charge Mr D interest in these circumstances and I find that it would be fair and reasonable for it to take the actions described below.

Putting things right

I find it would be fair and reasonable for Creation Consumer Finance to rework Mr D's account to remove any interest and charges under the agreement so that the total amount payable by him to it for the sofa is £1,338. I consider that it should deduct from that amount the payment of £70.31 that it's collected from Mr D (and any other payments that Mr D has made under the agreement) and notify Mr D of the net amount due from him. Provided that he pays that amount to it within 30 days of that notification I consider that it should then end the fixed sum loan agreement. If Mr D doesn't make the payment within that period I consider that it would be fair and reasonable for Creation Consumer Finance to then apply the terms of the agreement to the outstanding amount due from him.

If Creation Consumer Finance has recorded any adverse information relating to the fixed sum loan agreement on Mr D's credit file, I consider that it should remove that information.

My final decision

My decision is that I uphold Mr D's complaint and I order Creation Consumer Finance Limited to:

1. Rework Mr D's account so that the total amount payable by him to it for the sofa is £1,338 (as described above).
2. Remove any adverse information relating to the fixed sum loan agreement that it's recorded on Mr D's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 29 March 2022.

Jarrold Hastings

Ombudsman