

The complaint

Mr R complains that Creation Financial Services Limited (Creation) didn't set up a direct debit payment for May 2021. He would like a late payment fee incurred refunded. And reassurance that his credit file hasn't been impacted.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I will focus on giving the reasons for my decision

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.

Having done so I have reached the following conclusions:-

- Mr R has given us the letter Creation sent him to confirm his direct debit instruction along with a screen shot to show the direct debit was 'enabled' on his account – the latter wasn't dated so I haven't relied on that in this view.
- The letter says, 'it can take up to 28 days for the direct debit payment to take effect' and that 'an alternative payment method may be required for payment'. It doesn't state that if a direct debit is set up after a statement has been issued it won't take effect until the next statement as was the case here. As Creation didn't make this clear, I think it was reasonable for Mr R to assume the direct debit had been set up.
- Creation said that as no direct debit information shows on Mr R's April 2021 statement he would have known the direct debit had been set up whereas this information does show on his May statement. Looking at these statements it appears that information on direct debits only shows in bold on the front page under a heading 'direct debits' when there is a direct debit in place. As there is no information including no heading of 'direct debit' on the April statement I am not sure how Mr R was expected to know that meant the direct debit wasn't yet live.
- Creation has also given us a screen shot of a pop-up screen that Mr R would have seen when he set up his direct debit. However, that mirrors the information in the letter it sent Mr R. saying 'it can take up to 28 days.... please ensure you continue to make payments.'. It is no more specific than the letter Creation sent.
- Mr R paid the direct debit as soon as he realised the payment hadn't gone through. I think he genuinely believed the direct debit was in place in time. I don't think the correspondence from Creation was sufficiently precise to make Mr R realise he would need to make an alternative payment for May.
- I think it's reasonable that Creation refund the late payment fee incurred. And that no adverse information is recorded on Mr R's credit file in respect of the May 2021 direct debit payment.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Creation Financial Services Limited should:-

- Refund the late payment fee incurred to Mr R.
- Ensure no adverse information in relation to May 2021 direct debit payment is recorded on Mr R's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 March 2022.

Bridget Makins
Ombudsman