

The complaint

Mr P complains that Creation Financial Services Limited made an interest charge when he was told his account was placed on hold.

What happened

Mr P says he contacted Creation in April 2021 about his credit card account and told it he couldn't pay his full monthly balance, as he had done for many years. He says he was told his account would be put on hold and says he told Creation he would repay the full balance by May 2021. Mr P says he then noticed in May 2021 that he had been charged £199.26 interest and says if Creation had told him about that interest then he would have considered other ways of paying the balance. He says the charge is unfair and would like it refunded.

Creation says Mr P told it he couldn't pay the monthly direct debit for the balance of £9,972.13. It says it agreed not to take the direct debit for the full amount but says it correctly added interest in those circumstances in line with account terms and conditions. It also says details of interest is contained on the account statements. Creation says it no longer has the call recording.

Mr P brought his complaint to us and our investigator didn't uphold it. The investigator thought the interest was correctly charged in line with agreed account terms and conditions. The investigator didn't think there any dispute that there wasn't any mention on the telephone call about interest being charged and that the call was about the direct debit not being taken that month. The investigator thought Mr P knew that interest would have been due and that he made significant payments in the following days which suggested there were no real financial difficulties.

Mr P doesn't accept that view and in summary says he wasn't told about the charge or interest and says he made a recent call to Creation in which he was told about interest being charged. He questions why the call recording isn't available and says Creation has breached the law about consumer protection.

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 come to the overall view that I don't uphold this complaint. I appreciate Mr P will be disappointed by my decision and appreciate how strongly he feels about what took place.

I have looked carefully at Mr P's account terms and conditions which I think he would have agreed to when the account was first opened. Those terms and conditions make clear that Creation will charge interest if a full statement balance isn't repaid by a certain date. I also think that information was repeated on every account statement Mr P would have received from Creation. And that Mr P would have been aware of interest being charged as he set up a direct debit to repay his monthly balance in full every month. So, I don't think Creation

made a mistake or acted unfairly by charging Mr P interest when he didn't repay his monthly balance in full here.

I appreciate that Mr P would have liked me to have listened to the telephone call from April 2021 which is no longer available. But I don't think there is any real dispute about what was and what wasn't said during that call. I'm satisfied that Mr P called Creation about his direct debit and asked if it not be taken that month. And I'm also satisfied that Creation did just that and didn't request the direct debit for the full statement balance of over £9,972. I don't think on balance Mr P asked Creation if he would still be charged interest in those circumstances and equally, I don't think Creation told Mr P that he would still be charged interest. So, I don't think Creation in those circumstances gave Mr P incorrect or misleading information about the interest due.

I appreciate Mr P says Creation has breached Consumer Protection legislation. But I make clear to Mr P it would be for a court to determine that. And I have made clear that I'm satisfied Mr P was told about the interest at the start of the agreement in the terms and conditions and in the account statements. So, I don't accept that Creation has hidden material information from him or misled him when the contract started which I think is the key date.

I also appreciate Mr P says Creation ought to have helped him rather than charge him interest. Lenders should treat customers in financial difficulties positively and sympathetically. But I have not seen any evidence that Mr P was in such difficulties. I think on balance that he knew he couldn't afford to pay Creation the full statement balance in or around April 2021 and asked that the direct debit not be taken. I also think Mr P has told us that he usually paid the full account balance each month which suggests he knew interest was due and then he paid significant amounts to Creation following the telephone call. I'm satisfied that on balance that suggests Mr P was not in financial difficulties. And in those circumstances I wouldn't have expected Creation to have taken further steps to help Mr P, when he made clear that he would repay the account balance in full the following month, which he did.

Overall, I'm satisfied that Creation has acted in line with agreed account terms and conditions by applying interest not a charge. It follows that I can't fairly order Creation to refund the interest correctly charged.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 May 2022.

David Singh
Ombudsman