

## **The complaint**

Ms C complains that Creation Consumer Finance Ltd failed to notify her regarding the repayment date of her buy now pay later (BNPL) loan.

## **What happened**

In early 202 Ms C had some windows installed in her home by a company I will call G. She entered into a BNPL loan agreement with Creation. She has told this service that she didn't receive a copy of the loan agreement as it was taken away by G. She says that the installation team told her that £120 a month would be collected and the balance would be paid at the end of 12 months. The cost of the windows was £7,800 and this was met with a deposit of £1,800 and the balance with the BNPL loan. It was interest free if paid within 12 months, but if not the total sum payable would be £17,514

G ceased trading and Ms C was unable to contact it having noticed that no payments were going out of her account. Creation says it sent her two letters, one on 20 July 2020 and the other on 15 December 2020. Ms C says these were not received. She has shown this service details of her savings which show she had saved £6,000 to pay off the loan in February 2020.

Ms C did some digging once the first payment was taken in February 2021. She identified Creation as the lender and she wanted to pay off the loan, but she was told the date by which this could happen interest free had passed and so she brought her complaint to this service.

Creation didn't respond to our enquiries and our investigator concluded that the complaint should be upheld. Creation has since submitted a limited response.

## **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 am satisfied that it was Ms C's intention to pay off the loan without incurring interest. She had saved up £6,000 to cover the debt and was able to make payment in time to avoid an interest charge. She had no need of the almost 10 years available to her to pay off the loan so it is clear what she had planned.

What I now have to consider is why she failed to make the payment. I am satisfied that she did not have a copy of the loan agreement. She has submitted a comprehensive package of paperwork given to her by G and none of this makes any reference to the finance agreement. It is quite plausible that G retained the loan documentation and as it ceased trading Ms C was unable to obtain a copy. Without that she was unable to identify the lender.

I have noted that Creation says it issued two letters. I am also aware that at that time life was disrupted due to Covid rules and I believe it is possible that these were either not sent out or were not delivered. I consider Ms C's testimony to be both genuine and credible and I can

accept that she did not receive these. It is clear she wished to clear the debt and I believe she would have acted on them if had received them. I am also aware that subsequent to the passing of the deadline that Creation has been in contact with Ms C by email and it is not clear why this medium wasn't used to remind her of the date payment was due

Overall, I believe that events have conspired against Ms C and that the lack of a copy of the loan agreement is key to her not meeting the payment deadline. It was G's responsibility acting on behalf of Creation to ensure she had a copy and so I believe I should uphold this complaint.

I think it only fair and reasonable that Ms C should be allowed to pay the debt of £6,000 without incurring interest charges.

### **Putting things right**

Ms C should be allowed to pay off the loan interest free.

### **My final decision**

My final decision is that I uphold this complaint and I direct Creation Consumer Finance Ltd to allow Ms C to satisfy the loan by payment of £6,000 to be made within four weeks of the date she accepts this decision. It should also pay her £100 compensation for the trouble and upset she has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 15 July 2022.

Ivor Graham  
**Ombudsman**