

## **The complaint**

Ms B complains about a payment she made to Creation Consumer Finance Ltd (“Creation”) that didn’t credit her account.

## **What happened**

In September 2018 Ms B says she sent a cheque to Creation to settle her loan account. Since making the payment, Ms B says she’s been chased by Creation and a debt collection agency and her account has been defaulted. Ms B says this has caused her distress and meant she missed out on lowering the rate of her mortgage, as adverse data was recorded on her credit record. So, Ms B logged a complaint with Creation.

Creation looked into the complaint but didn’t uphold it. Creation said the money was paid to someone else’s account, as the reference number on the cheque was wrong. It was then refunded two months later.

After some investigation by Ms B, she says she located the money in her son’s student account. Ms B says the cheque she sent had been paid to an old credit account her son had with Creation. It was then refunded to a bank account he hadn’t used for some years. Ms B said the money was paid back to her from her son and she then settled the Creation account in 2020.

As Ms B remained unhappy, she brought her complaint to our service.

Our investigator looked in the complaint and thought it should be upheld. Our investigator asked Creation for information several times but with no response. He eventually issued a view based on the information Ms B had provided. Our investigator found there were sufficient details on the cheque to get it to the right account. Our investigator found Creation should pay Ms B compensation for the trouble and upset it had caused. This totalled £750.

Creation responded to the view but only provided the final response letter, which we already had on file. So, the complaint’s been passed to me for a final 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’ve come to the same outcome as the investigator for largely the same reasons. I’ll explain why.

There’s no dispute that the cheque was paid to the wrong account, Creation have confirmed this in its final response letter (FRL) to Ms B. Having seen a copy of the cheque, I’m satisfied on balance that there is enough information to get it to the right account, even if the reference number given may have been incorrect. Ms B’s name was clearly listed on both sides of the cheque with her address. If there was any conflicting information between the reference number and the name and address on the cheque, I’m satisfied Ms B should’ve

been contacted or it should've been sent back to her rather than credited to the wrong account.

It's worth noting that when the cheque was credited to Ms B's sons account in error, Ms B has told our service that there was no outstanding balance. Ms B however did have the exact outstanding balance of the amount the cheque was made out for. So again, a check on the balance would've directed Creation to the correct account.

When Creation located the money and found it had been paid to the wrong account, it then credited it back to another incorrect bank account, Ms B's sons. Although I've not seen any evidence of the money going to this account, based on the fact Ms B originally issued a cheque to pay her balance, I can see no reason why if the money had gone back to her, that she wouldn't of paid the account again straight away. Ms B also says she was told a number of times that the money had been sent to her, which we now know to be incorrect.

It's clear it took some time for Ms B's son to locate the missing funds, but if the account hadn't been used as Ms B has suggested, then this is completely understandable. I also don't find it fair that Ms B was expected to pay the account whilst the funds were still missing. This would've resulted in the amount debited Ms B's account twice.

It's clear from the information I've seen from Ms B that this has been a very stressful situation. I've seen evidence of the letters the debt collecting agency have sent her and this has been over a long period of time. So, I'm satisfied Ms B should be compensated for the trouble and upset this caused.

I've also seen a letter from a mortgage broker suggesting the lenders it deals with wouldn't look at an application for a lower mortgage rate whilst the adverse data from the missed payments were on Ms B's credit file. The investigator has correctly pointed out there was no guarantees that a lower rate could've been achieved as lots of other factors would've needed to be considered and I agree with this - but Ms B has clearly lost out on the opportunity to find out. In these circumstances I'm satisfied she should also be compensated for the loss of opportunity in being able to apply for an alternative mortgage rate.

I'm summary and having considered all of the information from both parties, I find Creation did credit the incorrect account with Ms B's payment and had enough information to prevent that happening. Creation then sent the money back to another incorrect account and Ms B went through a lot of stress and inconvenience to fix the situation.

### **Putting things right**

Having considered all of the information from both parties, I'm satisfied that Creation should pay the £750 compensation suggestion by the investigation in recognition of the distress and inconvenience it caused her.

Although Ms B has said Creation had agreed to delete any adverse data from Ms B's credit file, due to the lack of information from Creation, I'm unsure if this has been completed. If it hasn't, Creation should do this on receipt of this decision.

### **My final decision**

My final decision is that I uphold this complaint and instruct Creation Consumer Finance Ltd to pay Ms B £750 compensation.

Creation Consumer Finance Ltd should also remove any adverse data from Ms B's credit record if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 29 June 2022.

Tom Wagstaff  
**Ombudsman**