

The complaint

Mr S has complained that Creation Consumer Finance Ltd added late payment charges to his account.

What happened

Creation charged Mr S a late payment fee of £30 – it said that his direct debit had been cancelled. Mr S has said that the direct debit wasn't cancelled and that there were funds in his bank account in June and July 2021 when the payments were due. Mr S's bank confirmed that there was no attempt to claim the direct debit in June or July 2021.

In the light of this evidence our investigator recommended that Creation remove the £30 late payment charge from his account and pay Mr S £50 in compensation. She also recommended that Creation confirm to Mr S that if his account is in credit this situation will not arise in the future.

Mr S accepted the recommendation, but Creation didn't respond.

What I've decided – and why

The facts aren't in dispute. When Mr S contacted Creation it suggested he contact his bank. I think that was a reasonable request. He did this only to be told that no request for payment had been made. Mr S has demonstrated that his account had sufficient funds to meet the demands, if made. I'm satisfied that a direct debit was in place and have seen that the first payment was taken on 1 March 2021. Creation didn't respond with any further explanation so it remains unclear as to why the payments weren't taken or indeed what happened. Nevertheless as I'm satisfied that there was no fault on Mr S's part or of his bank I find it more likely than not that the issue started with Creation.

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

Putting things right

In the circumstances I'm satisfied that it would be fair and reasonable for the late payment charge of £30 pertaining to June and July 2021 to be removed from his account.

I agree too that the matter has caused Mr S some inconvenience and compensation in the sum of £50 is merited.

It stands to reason that if the account is in credit the situation should not arise again – I make no direction on this. Of course, it is open to Mr S to raise the issue with Creation in the first instance should the same situation occur again.

For completeness I would say that my decision does not mean that any arrears are not payable – they remain due.

My final decision

My final decision is that I uphold this complaint. I require Creation Consumer Finance Ltd to:

- Remove the late payment charge of £30 pertaining to June and July 2021
- Pay Mr S £50 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 July 2022.

Lindsey Woloski
Ombudsman