

The complaint

Mr C complains Creation Financial Services Limited trading as Creation failed to contact him before they closed his credit card account.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll 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 considered everything, I've reached the same conclusions as our investigator for these reasons:

- Creation wrote to Mr C in May 2021. Their letter explained his credit card account had been inactive for some time and would close in 60 days if it wasn't used. Creation has accepted Mr C contacted them in October 2018 to change his address after he moved to a new property, however they didn't update his address on their system. This resulted in their May 2021 letter being sent to his previous address, and his credit card account subsequently closing without his knowledge. Mr C only found out this had happened when he tried to use his credit card when he was on holiday. So, I've had to consider the impact this had on Mr C.
- Creation's failure to correctly update Mr C's address meant he was unable to take steps to prevent his account from closing. And Mr C's consistent testimony has persuaded me he would have used his credit card to prevent it from closing had he received Creation's May 2021 letter. Creation's mistake would have caused Mr C a great deal of concern and worry because he was on holiday when he realised his account had been closed. This meant Mr C may have incurred additional expenses because he had to use a different card when abroad - and he has consistently explained he preferred using his Creation credit card when abroad because it was more cost effective to do so. Because of this, I consider Creation needs to do something to put things right.

- Mr C wants Creation to re-open his credit card account, and Creation have said this isn't something they can do. However, they've explained they would review a new credit card application from Mr C, if he submits one. I understand Mr C doesn't want to do this because his account was closed due to no fault of his own. However financial businesses, like Creation, are obligated to lend responsibly. As Mr C's credit card account was closed in July 2021, his credit agreement with Creation ended at that time. This means he would need to enter into a new credit agreement if he was to have a credit card with Creation. I can't agree it would be appropriate for Creation to ignore what's expected of them in the relevant regulations when it comes to lending. So, I won't be asking Creation to re-open Mr C's credit card account.

Putting things right.

- I've taken on board what Mr C has said about the hourly rate he charges when he's working. However, I'm not persuaded that means a higher award is fair or reasonable in this case. Firstly, raising a complaint comes with inevitable inconvenience, and we wouldn't ordinarily use a consumer's earnings to calculate an appropriate award for distress and inconvenience. But most importantly, I consider most of Mr C's inconvenience and disappointment occurred while he was on holiday, and his testimony has been clear and consistent on the fact the problem arose during his first holiday since the pandemic. This means he was not being taken away from his work, rather Creations mistakes impacted his ability to enjoy his first holiday in quite some time. Therefore, I don't consider his hourly rate is applicable or particularly relevant when determining a fair award in the circumstances.
- Creation's failure to update Mr C's address is the reason his credit card account was closed against his wishes; and as I've mentioned above, this caused Mr C understandable distress and inconvenience. It was also disappointing to see that when Mr C first raised his concerns with Creation, their adviser incorrectly told him that he hadn't notified them of his change of address. This comment would have only further added to Mr C's frustrations. In light of this, I consider £250 to be a fair award in the circumstances.

I appreciate this isn't quite the outcome Mr C hoped for. However, I consider this is a fair and reasonable way to resolve his complaint.

My final decision

My final decision is that I'm upholding Mr C's complaint.

To put things right, Creation Financial Services Limited trading as Creation should pay Mr C £250 in recognition of the distress and inconvenience their mistake caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 January 2023.

Sarrah Turay
Ombudsman