

## **The complaint**

Ms K's complained that Creation Consumer Finance Ltd continued to collect direct debit payments for goods she'd bought on a "buy now, pay later" basis – even though she'd made full payment before the end of the interest free period.

## **What happened**

In summer 2021, Ms K bought £598.99 worth of electrical goods. The retailer offered a "buy now, pay later" option through Creation, which allowed customers to pay nothing for six months. After that time, they could either pay off what they owed – without being charged interest - or Creation would start taking monthly payments by direct debit.

In December 2021, Ms K made a payment of £599 to pay the credit off before the monthly payments became due. But, in early January, she received an email advising her that Creation would start collecting monthly direct debit payments of £34.78 later that month.

Ms K didn't want her credit scored to be damaged, so she allowed the direct debit to be collected. But she contacted the retailer about what had happened. The retailer referred her to Creation and Ms K complained to them in early February. She provided confirmation of the payment she'd made in December.

Creation responded to the complaint, saying they'd been able to identify a payment had been attempted in early December but that hadn't been successful. And they said they'd received no correspondence from Ms K. Creation rejected her complaint on that basis. But they said that they'd reopen it if Ms K could provide further evidence of the payment she'd made and provided an email address for Ms K to send that evidence to.

Ms K wasn't satisfied with Creation's response and brought her complaint to our service. Our investigator requested Creation provide their business file and their comments on the complaint.

In response, Creation said they'd reviewed their accounts again and had found an amount in a suspense account which may match Ms K's payment. But they said it had no reference details to allow them to allocate it. And the account it had come from wasn't in Ms K's name. So she'd need to provide further details to satisfy Creation it did in fact relate to her agreement.. Finally, Creation said they'd not received information from Ms K, as it hadn't been sent to the right email address.

Following the investigator's enquiries, Ms K confirmed that the payment had been made from a different account, held in her married name. The investigator passed on the details and Creation confirmed they'd verified the payment in late September 2022.

The investigator was then able to consider Ms K's complaint. Having done that, they concluded Creation needed to do more to resolve it. They said Creation should apply the £599 to Ms K's account and backdate it to the date it was received, with any interest or charges being refunded. Any resulting overpayment should be refunded to Ms K, any

collection activity ceased, and any adverse information recorded on her credit file be removed.

Neither party confirmed they agreed with the investigator's view. So I've been asked to make a 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 that, I'm upholding Ms K's complaint. I'll explain why.

My role is to decide whether a business has treated its customer fairly and – if they haven't – what they need to do to put things right. This involves (amongst other things) putting the customer back in the position they would have been if nothing had gone wrong. I've thought how that applies in this case.

I've seen evidence which shows Ms K made the payment she said she did in December 2021. And I've seen bank statements which show direct debits were also collected between January and September 2022. So I'm satisfied Ms K paid twice for the same items.

I can see that Ms K did raise a complaint about this promptly. She complained that it took Creation some weeks to address that. But businesses have eight weeks to provide a final response to their customer once a complaint is made. So I don't think there was any delay here.

Creation said in their response they couldn't find Ms K's statement and asked her to provide further information and *"further proof of the payment made"*. But they didn't explain what that further proof was. And, although they provided further details to us when commenting on Ms K's complaint, I can't see that was provided directly to Ms K.

So, while I've noted the matter was also delayed by Ms K sending information to an incorrect email address, I think Creation did cause some of the delay in resolving the payment issue. It's fair that's put right.

### **Putting things right**

As I've mentioned, it's fair and reasonable that Creation should put Ms K back in the position she would have been in, had nothing gone wrong. That means that they should credit Ms K's account with the £599 she sent them in December 2021. And they should refund her any payments over and above this amount she's made towards that loan.

Creation should also refund Ms K any interest and charges applied on the basis the loan hadn't been paid off within the "buy now, pay later" period, because I'm satisfied it was. And they should pay Ms K simple interest, calculated at the rate of 8% per annum, on the monthly direct debit payments collected, from the date they were taken until they are refunded as this was the period Ms K was without the funds.

Ms K has also said that Creation have chased her for payments and have made adverse entries on her credit file. As I'm satisfied she made full payment within the "buy now, pay later" period, it's fair that Creation cease any activity to recover this debt. And that they correct any information on Ms K's credit report which indicates it hasn't been paid in full.

Finally, Ms K has told us she feels this situation has caused her stress. I've thought very carefully about this point. But I don't think it's fair for me to award compensation for this.

While I appreciate what Ms K has said, I'm satisfied Creation addressed her complaint when it was brought to their attention. They indicated they'd consider it further if Ms K provided more information and gave her the contact details to do that.

I don't think it's reasonable to say Creation should have been able to match the payment to Ms K's account without more information because they had no reference details to assist them and the payment didn't come from an account in Ms K's name. Unfortunately, Ms K sent further information to another email address. That meant the information didn't reach Creation, who heard nothing more on the complaint until they were contacted by our investigator.

I can't hold Creation responsible for that. So, while I think they do need to take steps to put things right, I don't think they need to pay Ms K compensation as well.

### **My final decision**

For the reasons I've explained, I'm upholding Ms K's complaint about Creation Consumer Finance Ltd and directing Creation to:

- Credit Ms K's account with the £599 she paid them in December 2021;
- Refund Ms K any payments over and above this amount she paid them in respect of the loan, together with any interest and charges that were applied;
- Pay Ms K simple interest, calculated at the rate of 8% per annum, on the monthly direct debit payments collected, from the date they were taken until they are refunded to her;
- Cease any collections activity in relation to the loan and remove any adverse entries relating to it from Ms K's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 16 February 2023.

Helen Stacey  
**Ombudsman**