

The complaint

Ms B complains that Creation Financial Services Limited failed to collect a direct debit payment.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

In February 2022 Creation sent Ms B a credit card statement that said it would collect the outstanding balance in full by direct debit. On the same day, Creation sent Ms B a letter that said her direct debit instruction had been cancelled. Ms B has confirmed the letter wasn't received and that she expected the payment to be collected by direct debit.

The payment wasn't collected and, a few days later, Ms B contacted Creation and spoke with an agent. Ms B was told the direct debit instruction had likely been cancelled as it hadn't been collected for 12 months. Ms B complained and said that she was willing to settle the balance due on her account but didn't think it was fair to charge her a late payment fee or interest.

Creation issued a final response and accepted Ms B was given unclear information when she called as well as the wrong email address to challenge the charges. Creation said the direct debit instruction had expired as it wasn't collected for a 12 month period. Creation agreed to refund the late fee and interest and paid Ms B £100. Creation also apologised for the distress and inconvenience caused.

An investigator at this service looked at Ms B's complaint. They thought Creation had dealt with it fairly and didn't ask it to take further action. Ms B asked to appeal and said the issues raised had a broader impact in terms of other customers. Ms B also said she'd provided evidence to show the dormancy period required before a direct debit instruction expired was originally 13 months but had been increased to 24 months due to the pandemic. As Ms B asked to appeal, her complaint has been passed to me to make a decision.

What I've provisionally 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.

Creation consistently told Ms B her direct debit instruction expired after it wasn't collected for 12 months. But I agree with Ms B that the response doesn't reflect direct debit dormancy rules. The dormancy rules originally said a direct debit instruction would expire if uncollected for 13 months. That in itself is different to Creation's response. But in 2020 the guidance changed to say that the dormancy period had increased to 24 months. I agree with Ms B that Creation's responses don't reflect industry guidance.

I recently asked Creation for further comment on this point as well a copy of the call Ms B had with its agent when the missed payment came about. Creation responded to say the

direct debit had become dormant in line with the 13 month dormancy rule. It wasn't able to say why its approach failed to reflect up to date industry guidance. But Creation confirmed it would review its information regarding the dormancy rule.

I've also listened to Ms B's call with Creation. The call handler was unable to explain exactly why the direct debit instruction was cancelled and referred Ms B back to her bank. I note the agent gave Ms B the wrong email address to use for her follow up queries. And I agree with Ms B that the service provided wasn't up to standard and can see it caused her unnecessary frustration.

Ms B's response to the investigator raises the dormancy issues more broadly and has told us she's concerned about other customers. I take Ms B's point, but as a service we consider complaints on an individual basis. So I can only look at how the issues Ms B has raised impacted her. We can't tell a business to change the way it operates more generally. Whilst that's the case, Creation's recent response has confirmed it is going to review the information it provides.

Looking at Ms B's case, Creation refunded the late fee and interest when it responded to her complaint. So there's no financial loss. Creation also paid Ms B £100 and apologised in its final response. I've considered how to fairly resolve Ms B's complaint. Ms B's told us she felt shamed by Creations service and agent and that the £100 paid to date doesn't reflect that or the distress caused. And I think the £100 settlement Creation paid fails to recognise the service provided over an extended period. So, in addition to the compensation already paid, I intend to increase the award by a further £100. In my view, that figure more fairly reflects the impact of the issues raised on Ms B.

I invited both parties to respond with any additional points they wanted me to consider. Creation responded and forwarded a previously unseen response to Ms B's complaint that showed it had offered a total of £150 to date, not £100 as set out in my provisional decision. I responded and said I still thought a further £100 in recognition of the distress and inconvenience caused was fair in the circumstances of Ms B's complaint. We updated Ms B with the small change in settlement.

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.

As neither party has provided new information for me to consider, I'm going to proceed in line with the conclusions I reached in my provisional decision. I still think Creation should pay a further £100 for the distress and inconvenience caused to Ms B, for the same reasons.

My final decision

My decision is that I uphold Ms B's complaint and direct Creation Financial Services Limited to pay her a further £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 March 2023.

Marco Manente
Ombudsman