

The complaint

Mrs P complains that Creation Financial Services Limited closed her account without a reason. She would like to know the reason. She is unhappy the closure has affected her credit rating.

What happened

Mrs P had an account with Creation. On 20 January 2022 Creation closed her account with immediate effect.

Mrs P had told us that her card was declined when she went shopping with her husband. She said she felt embarrassed by this. Mrs P also said that her credit rating had deteriorated due to the closure of her credit card account. She feels her honesty and integrity is being called into question.

Mrs P complained to Creation. It said that they were entitled to close her account- they had relied on Clause 12 of the terms and conditions. And they were not obliged to give her further reasons.

Mrs P complained to our service. One of the investigators looked into the complaint she said from the information provided she couldn't conclude that Creation had acted fairly in closing the account.

Creation was unhappy with the view. As there was no agreement the matter has come to me to decide.

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.

Account closure

I can see that Creation reviewed and closed Mrs P's account with no notice on 20 January 2023.

It's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed.

Financial institutions should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. In this case Creation gave Mrs P immediate notice.

In order for me to be satisfied that Creation's actions in closing the account with immediate effect were appropriate in the circumstances, I reviewed the information they provided to us to support the actions they took in respect of Mrs P's account. What they have provided to

this service isn't sufficient for me to conclude that the account was fairly closed with immediate effect.

From my review I'm unable to conclude that Creation acted fairly in closing the account with immediate effect.

Regarding the impact that the immediate closure had on Mrs P she has told us about the inconvenience this caused and the embarrassment she experienced and how she feels. Because of this I'm satisfied that Creation should pay Mrs P the sum of £100.

Reasons

Mrs P has said she wants to know the reason why Creation reviewed and closed her account. And to provide the information it relied on. Creation doesn't disclose to its customers what triggers a review of their accounts and its under no obligation to tell Mrs P the reasons behind the account block and closure, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Mrs P this information.

Credit rating

Mrs P has said the closure of the account has affected her credit rating and she has confirmed that she's suffered no financial detriment due to it. I appreciate her rating will have been affected but as I've seen no evidence that this has had any impact on Mrs P I won't be asking Creation to compensate her.

Putting things right

For the reasons stated above I require Creation to pay Mrs P £100 compensation.

My final decision

For the reasons mentioned above I require Creation Financial Services Limited to pay Mrs P £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 11 May 2023.

Esperanza Fuentes
Ombudsman