

The complaint

Miss H is unhappy that Creation Consumer Finance Ltd (Creation) has applied interest to her finance account.

What happened

It appears Miss H took out a financing agreement with Creation in September 2020 with an initial drawdown of £358. This was fully repaid inside the agreed Buy Now Pay Later period (BNPL).

Miss H used her finance account in January 2022 to make another purchase for £2,249. This was on a BNPL period of nine months and therefore interest wouldn't become applicable until after 8 October 2022. Miss H also made a third purchase on her finance account for £378 in August 2022.

Miss H says she wasn't informed of when the BNPL ended for the drawdown she'd made in January 2022. She says she received an email from Creation on 19 October 2022 and then went online to pay on 21 October 2022. However, the interest had already been applied. Miss H says she called Creation the same day and was advised she would receive a call back from a manager.

As no call back was received, Miss H called Creation again on 25 October 2022. Creation says the agent on this call advised Miss H the interest will stand but said a manager will call back within 48 hours. Creation says an email was sent to Miss H by a manager on 27 October 2022 to inform her she was liable for the interest. Miss H replied explaining the response didn't address her points and she wanted a call back. Miss H called Creation again on 2 November 2022, as she hadn't received a call back. Miss H says following this she received an email saying Creation were looking into her complaint.

On 17 November 2022, Creation issued its final response. In this it explained the notification of the BNPL end date for the second drawdown in January 2022, would've been at the point of sale and via her Online Account Manager. Creation said it had sent an email following the first drawdown Miss H made, to register for the Online Account Manager. However, Miss H didn't register until after the BNPL period had ended on the second drawdown, at which point interest for that had already been applied.

Creation also explained it had sent email notifications to Miss H to advise statements were available. It said had she followed the links included in the email notifications, she would've been required to register for the Online Account Manager which would've allowed her to view the statements and see when the BNPL period ended.

Given this Creation said it had made Miss H aware of when the BNPL period was due to end and that interest would apply if the full balance wasn't repaid by then. Creation paid Miss H £50 for the distress and inconvenience she'd been caused, but said the interest remained payable.

Unhappy with this, Miss H referred her complaint to our service. She said she didn't receive any notifications of when the BNPL period was ending. One of our investigators looked into the complaint and requested Creation provide evidence of how Miss H was told of the BNPL end date at the point of sale, that Miss H had been sent emails to register for the Online

Account Manager and evidence email notifications had been issued advising Miss H her statements were available.

Creation didn't reply and so the investigator based their findings on the evidence that had been provided. They said Creation hadn't satisfied them it had acted fairly and therefore interest and charges applied should be refunded, plus 8% simple interest. Miss H agreed to the investigator's view, but Creation didn't reply. Therefore, the complaint was passed to me to decide.

I contacted Creation and gave it another opportunity to respond to the investigator's findings or provide the information that had previously been asked for.

Creation did reply to my email and said the BNPL end date would've been confirmed at the point of sale via the credit agreement. The credit agreement it provided however appears to be for the first drawdown of £358 in September 2020. Creation also said it had requested the information regarding the emails sent and would provide this by the beginning of June 2023.

The information regarding the emails wasn't provided and so I chased this twice and explained if the information wasn't received, I would issue my decision based on the evidence that is available. As Creation still haven't replied, I've reached a view based on the evidence I do have.

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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I would also like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I'm satisfied Creation has been sent multiple requests to provide the requested evidence and given ample time to do so. But for reasons unknown, it hasn't. Therefore, based on the evidence available, I'm not persuaded Creation provided Miss H with adequate notification of when the BNPL period was due to end. I'll explain why below.

Creation hasn't provided a copy of the agreement that details the £2,249 drawdown Miss H made in January 2022. It has instead provided the agreement for the initial drawdown which happened over 12 months before. While I acknowledge the agreement would likely have been similar for the second drawdown, I can't say that agreement did detail clearly when the BNPL period ended.

In any event, even if the agreement provided at the point of sale did detail the BNPL end date, I would expect Creation to provide notification that the BNPL period was ending nearer to the expiry date. This is in line with what Creation explained in its final response where it said notification would not only be at the point of sale, but also via the Online Account Manager.

Creation has said that Miss H would've been sent an email to register for the Online Account Manager. Miss H says she never received this and would've registered sooner if she had. Creation has provided evidence that shows the Online Account Manager invitation mail was sent to Miss H on 21 October 2022, after she'd made contact disputing the interest. Miss H registered the same day.

As explained, Creation has been asked to provide evidence that an email to register for the Online Account Manager was sent before that but hasn't done so. Therefore, I'm not satisfied Miss H was sent anything prior to the end of her BNPL period, as the evidence

available shows Miss H was only notified about the invitation to register for the Online Account Manager on 21 October 2022.

It's a similar situation regarding the notification that statements were available, Creation says Miss H would've been sent. Creation has provided evidence that shows the statements were produced. And one of these (August 2022's) was opened on 2 November 2022, after Miss H registered for the Online Account Manager. However, the evidence doesn't clearly demonstrate that actual email notifications were sent that advised Miss H she could now view the statements. Creation has been asked to provide further evidence to show that email notifications were sent to Miss H, but again hasn't done so.

As I've said above, I'm not persuaded based on the evidence available that Creation has acted fairly in this case.

Putting things right

- Creation should rework Miss H's account as if the interest related to the £2,249 drawdown (and any charges associated to it) was never applied to Miss H's account. If this results in the account being in a position of credit, that credit balance should be refunded to Miss H plus 8% simple interest. The 8% interest would be from the date of the position of credit, until date of settlement.
- Given the interest rework detailed above, it follows that Creation should remove any adverse information that may've been recorded onto Miss H's credit file regarding the £2,249 drawdown.
- I note Creation offered to pay Miss H £50. I'm satisfied this amount is fair and reasonable in the circumstances for the distress and inconvenience caused by the failures in responding to her. Therefore, Creation should pay this £50 to Miss H, if it hasn't already done so.

My final decision

I'm upholding Miss H's complaint. Creation Consumer Finance Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 28 August 2023.

Paul Blower
Ombudsman