

## **The complaint**

Mr D is unhappy Creation Financial Services Limited (Creation) treated his payment as a cash transaction and applied fees and interest to his account.

## **What happened**

In January 2023 Mr D used his credit card to make a payment in relation to a mortgage application fee. Upon reviewing his statement, he noticed he'd been charged a cash handling fee of £8.97 and interest of £5.41 in relation to the payment.

Mr D contacted Creation about this and they explained it had been treated as a cash transaction in line with the terms and conditions. But as a gesture of goodwill refunded the £14.38 fee and interest applied.

Mr D would like Creation to do more by reviewing their terms and conditions and make it clear that payments to financial institutions are classed as cash transactions. He's also incurred a postage cost of £3.45 and would like compensation for the inconvenience caused, so he brought his complaint to this service.

Our investigator felt the terms and conditions weren't clear and as Creation had already refunded the fee and interest asked them to pay Mr D's postage cost. She didn't feel compensation was due.

Creation accepted this but Mr D remained unhappy, so it has been passed 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.

The terms and conditions for the account say:

*“cash advance” means an advance of monies made to you or on your behalf, or to an Additional Cardholder or on the Additional Cardholder's behalf, including but not limited to cash, foreign currency, travellers' cheques or cash related transactions;”*

It doesn't provide specific examples of cash related transactions so isn't clear which types of payments would or wouldn't apply here.

In relation to standard purchases, the terms and conditions also say:

*“standard purchase” means a purchase of goods and/or services (including any insurance) by you or an Additional Cardholder and in respect of which payment is made by use of the card, Card number or, where permitted by us, a PIN and which may be effected in any manner including, without limitation, by means of text messaging by mobile phone (“SMS”), ATM, e-mail and Internet”*

Given that this refers to goods and services and that there also isn't any specific exclusions detailed I can understand why Mr D may have felt his payment would be treated as standard and not open to fees and interest. So I don't think the terms were clear about which specific payments would be treated as cash transactions.

Creation have already refunded the fee and interest it applied, and they've also agreed to refund the £3.45 postage cost Mr D incurred.

I'm aware Mr D would like Creation to review its terms and conditions and make them clearer. Whilst this isn't something I can direct them to do, it may be something they'd like to consider to avoid any future customer confusion.

Making a complaint inevitably causes some inconvenience and I appreciate that it has taken some of Mr D's time to get the issue rectified. However, compensation isn't awarded for the error itself, it isn't a means to punish a business but to take account of the impact the error has caused. Whilst Creation didn't feel they'd done anything wrong they refunded the fee and interest quickly putting Mr D back in the position he should've been in. Aside for the time taken to log his complaint, I'm not aware of any additional impact Creations' error has caused and so I don't feel compensation is warranted in this instance.

### **My final decision**

My final decision is that I uphold this complaint. Creation Financial Services Limited should pay Mr D £3.45 to reimburse his postage costs if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 August 2023.

Karin Hutchinson  
**Ombudsman**