

## **The complaint**

Mr M complains Creation Financial Services Limited refused to transfer points he earned using his credit card, refused to issue him a prorated refund of his account fee, and failed to issue him a voucher for a hotel stay.

## **What happened**

Mr M held a credit card with Creation linked to membership of a reward scheme with a third-party provider. Points earned on the card were redeemable against hotel stays and associated benefits. One specific reward was an anniversary voucher, redeemable for a one night stay at a hotel. To qualify for the voucher Mr M's spending needed to reach a specific sum and the account annual anniversary needed to have been reached.

Creation reviewed and then decided to close Mr M's account. They sent him a letter at the end of September 2021 giving him two months' notice that his account would close.

Mr M still used the account during part of the notice period and says he should have been allowed to redeem points he accrued during this time. He says Creation should provide the hotel voucher given he spent the requisite amount on his account or in the alternative, pay the cost for a one-night hotel stay. He says he should receive a prorata refund of the annual fee because he couldn't use the account for the full year. And, he says he didn't receive the Creation's response to his complaint within eight weeks, and the response didn't provide satisfactory reasoning.

Our investigator upheld Mr M's complaint in part. They concluded:

- Creation acted in line with their legal and regulatory obligations when refusing to honour the remaining points on Mr M's account and refusing to issue a voucher.
- Mr M says he didn't receive Creation's response to his complaint dated 2 December 2021, until a copy was emailed to him in January 2022. As the copy didn't have his full address, he doesn't think the original letter was correctly sent. But Creation provided a copy of the original letter, which was correctly addressed, and they sent evidence showing it was sent on 2 December 2021.
- Creation shouldn't retain the full annual account fee in view of Mr M's account closing early. They should pay him a pro-rata refund for the period he no longer had the account.

Both Mr M and Creation disagreed with the outcome our investigator reached, so the complaint has been given to me, as an ombudsman, to make a final 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.

I'm upholding Mr M's complaint in part. I'll explain why.

Creation decided to close Mr M's account. They have the discretion to end a customer relationship. I've considered the basis of their decision and it's reasonable. Mr M believes the reason for closing his account was to avoid the cost of issuing a hotel voucher. But although not issuing the voucher was a consequence of Creation's decision, I don't find it formed the backbone of their decision. So, I don't find their application of the account closure terms unfair or that the term they relied on to close the account was unenforceable.

Mr M may not have directly complained about the account closure, but I'm making the above finding because it relates to his point that Creation should still honour the voucher because he spent over the qualifying amount since the last account anniversary. The hotel voucher, however, could only be issued on his account being open on the account's next anniversary. As the account was closed for a legitimate reason before that anniversary, Mr M didn't qualify for the voucher, so he isn't entitled to one.

For the same reason(s) Creation closed Mr M's account, I'm also satisfied they acted reasonably by not honouring the points earned during the notice period. I find their decision in line with their wider legal and regulatory obligations. So, I don't require them to let him redeem those points now.

I've listened to Creation's reason for not agreeing to a pro-rata refund, but I don't find what they've said demonstrates they should retain monies paid to them for a service they didn't provide. Mr M was charged £99 on 21 July 2021 and as his account closed before 21 July 2022, he paid for use of the account he couldn't benefit from. Creation should refund him a pro-rata sum for the period he no longer had use of his credit card account.

Complaint handling is not an activity which falls under our service's compulsory jurisdiction. So, in isolation, a complaint about a failure to comply with a time limit under the Dispute Resolution Rules (DISP) is not something I can consider – it's disconnected from a complaint about the underlying financial service.

But I can consider points about the manner in which a firm administered its business in relation to a financial service. So, Mr M's dissatisfaction with Creation's explanation as to why they refused to allow him to redeem points or a voucher earned in relation to his account, and how long it took to provide that explanation, is something I've considered.

After considering the evidence and information available, I'm satisfied Creation does not need to reveal more of their reasoning to Mr M, and there is a valid reason for this. I'm also persuaded, based on the evidence I've seen, that Creation did send him their explanation – even though Mr M finds it unsatisfactory - in their final response letter on 2 December 2021, and the letter was correctly addressed.

### **Putting things right**

Subject to Mr M accepting this decision within the deadline, I require Creation Financial Services Limited to pay him a prorated refund of the account fee for the time he no longer had use of the account.

**My final decision**

My decision is I uphold Mr M's complaint and require Creation Financial Services Limited to pay compensation according to my instruction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 August 2023.

Liam King  
**Ombudsman**