

## **The complaint**

Mr C complains that Creation Financial Services Limited closed his account and didn't credit his points. He'd like compensation for the closure and the points returned.

## **What happened**

Mr C had a credit card account with Creation. For an annual fee of £99 the card provided points and a free hotel stay voucher given a qualifying spend of £10,000 a year.

Mr C received a letter on 30 September 2021 which said his credit card would close on 3 December 2021.

Mr C had already achieved the qualifying spend amount to be entitled to a hotel voucher, so he contacted Creation. He continued to use his card as normal, but no further points were received by him in his October statement. He contacted Creation on 1 November 2021 to query the lack of points and was told that no benefits would be issued for cards due to close later in the year.

Mr C was unhappy with the response, so he complained to Creation. Creation said they had acted fairly in closing the account and not crediting the points.

Mr C wasn't satisfied with Creation's response, so he complained to our service.

After Mr C brought the complaint to our service, Creation made an offer. They offered to refund the account fee on a pro rata basis amounting to £46.65, transfer outstanding points if applicable, in Mr C's case this was 1,666 points and they agreed Mr C was entitled to a free night voucher

Mr C didn't accept the offer. Mr C explained if he thought he was getting points during the notice period he'd have used his card for the duration and therefore earned more points. Mr C had stopped using his card when Creation had confirmed they wouldn't be honouring any further spend during the notice period.

One of our investigators looked into the complaint he originally thought the offer from Creation was fair. However, following further consideration, he thought Mr C should be compensated for being given incorrect information which led to him ceasing spending on the card from October 2021. Our investigator awarded Mr C £50 compensation for this. Our investigator thought this was fairer than averaging out Mr C's potential monthly spend as the purchases weren't actually made.

Creation was unhappy with the extra award of compensation.

Mr C was unhappy with the view he still thought he should be credited for the points he would have accrued during the notice period.

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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr C and Creation have said before reaching my decision.

While I may not comment on everything raised, I've thoroughly read and considered all the evidence and arguments from both sides. My outcome focuses on the relevant key issues, and on what I consider fair and reasonable in all the circumstances of the case.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial institutions as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Creation has provided is information that we considered should be kept confidential.

### *Account closure*

Creation can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Creation have relied on the terms and conditions when closing Mr C's account. The terms explain that Creation can close an account for any reason by giving 60 days' notice. I understand this is disappointing for Mr C however, by providing the full notice period here I can't say Creation have acted unfairly.

### *Annual Fee*

Creation have offered to pay Mr C a refund of £46.65 being the pro rata fee for the card. Mr C disagrees with this amount. He says he should receive a larger amount as he wasn't able to use the card for the two-month notice period.

I appreciate Mr C is unhappy with the calculation of the refund. However, Mr C did have access to the card for the two-month notice period. He chose not to use the card because he was told he wouldn't be getting points. He is entitled to make that choice, but the card was available for his use and therefore the fee is correctly charged for the notice period. Because I think the refund is calculated correctly, I won't be asking Creation to increase this amount.

### *Hotel Voucher*

I understand Mr C has already accepted the hotel voucher. Both parties agree that this is fair in the circumstances, and I agree.

### *Points earned*

Creation have offered to credit Mr C with 1,666 points earned. And have already done so. However, Mr C is unhappy. He thinks he should be compensated for the extra points he failed to earn because he stopped using the card once he realised no more points would be added. Mr C says he would like the equivalent points he would have earned had he continued to use his card. He proposes using an average calculation of what he would have spent on the card which would have resulted in earned points.

I accept his frustration, but Mr C didn't spend that money, he chose not to continue using his card. It would be unfair to award him points for potential spending that didn't actually take place. So, I won't be awarding him any extra points.

However, I am of the view that Mr C was given incorrect information by Creation namely that he would no longer be able to earn points. Creation have argued benefits can be removed at any time. However, Creation now accept that Mr C should have been awarded points during the notice period – it follows by informing Mr C he wouldn't this was incorrect information and caused him inconvenience. The investigator thought Mr C should receive £50 compensation because of this and I agree this is a fair amount in the circumstances.

### *FCA principles*

Mr C has said that Creation didn't follow the FCA principles in the way they dealt with him. In particular Principle 6 and 7. So I've gone on to look at this aspect. I've set out Principle 6 and 7 below.

*A firm must pay due regard to the interests of its customers and treat them fairly.*

*A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.*

Mr C was unhappy that Creation didn't let him know he wouldn't be earning points following the notice to close his account. He thought the letter gave the impression he would still be earning points.

I appreciate that Mr C is unhappy that Creation haven't treated him fairly in accordance with Principle 6 and 7. I have already said I thought Creation gave Mr C the wrong information when he spoke to them in November 2021, I have awarded £50 compensation for this, I think that's a fair amount and I won't be increasing this further.

### **Putting things right**

Creation should pay Mr C £46.65 as a refund for his annual fee and £50 compensation for the incorrect information.

### **My final decision**

For the reasons stated above I partially uphold the complaint. I require Creation Financial Services Limited to

- Refund Mr C £46.65.
- Pay Mr C £50 for the incorrect information.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 September 2023.

Esperanza Fuentes  
**Ombudsman**