

The complaint

Mr M complains that Creation Financial Services Limited closed his account, which meant he missed out on rewards points and a hotel voucher. He'd like compensation and to be awarded the voucher.

What happened

Mr M had a credit card account with Creation. The account allowed him to accrue reward points, which could be redeemed for hotel stays or experiences.

In September 2021 Creation wrote to Mr M to say they would be closing his account in December 2021. Creation also stopped crediting his award account with any points he accrued after this.

Mr M complained to Creation, but Creation didn't see they'd done anything wrong. They referred him to his terms and conditions, saying they had given appropriate notice, and that they can remove benefits at any time without prior notice.

Not satisfied with this responses Mr M referred his complaint to our service. Before one of our investigators could look into his case Creation offered the accrued points to his reward account, and a pro-rata refund of his annual account fee. Mr M declined this offer, asking for clarity if he'd qualify for a free night's hotel voucher, as well as compensation for the time and stress in trying to resolve this matter.

One of our investigators thought Creation's offer was fair. They said Creation were within their rights to close the account with the required notice, but it was fair that Creation pay the accrued points and refund the unused portion of the annual account fee. They didn't see that Mr M had met the spending threshold for the free night's voucher. And they didn't agree that Mr M should receive any compensation for going through the complaints process.

Mr M disagreed – he highlighted he was on track to reach the spending threshold to receive the free night's voucher, so could have done so had Creation not chosen to close his account. He felt the lack of communication from Creation and the delays in resolving the case should warrant compensation.

As no agreement could be reached the complaint 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.

Account closure

The terms of Mr M's Creation account state that they can close an account for any reasonable reason, so long as they provide at least 60 days' notice. In his case I'm satisfied that Mr M was given the required notice. And I can see Mr M had complained about this

before the closure date, which tells me it was received and understood. Creation don't have to provide reasons for choosing to close an account and haven't done so here. But I'm satisfied that this decision wasn't irrational or unreasonable. So, while I can understand why Mr M would be disappointed to learn of his account closure, I don't see Creation have treated him unfairly.

Annual fee, withholding of points and hotel voucher

Creation have now reimbursed Mr M with his accrued points. I'm satisfied it was unreasonable to deprive him of these points when they closed the account, so it's right that Creation have now given these to him.

I've considered what Mr M has said about certain rewards requiring more points now than at the time the account was closed. While I appreciate this will be frustrating, Creation have now paid the points that were earned at the time, and I'm satisfied this is the fairest way for the points to be awarded. It's also reasonable that as the account was close part way through the period that Creation give Mr M a pro-rata refund of the annual account fee. I'm glad Creation have agreed to do this.

For the free night's voucher, it's not disputed that Mr M didn't reach the spending threshold for the voucher. Mr M has argued that this is because Creation closed his account – but as explained above I consider the closure to be reasonable and in line with the terms. So, it follows I can't reasonably ask them to cover losses that stem from reasonable actions. So, as the threshold wasn't met, it's reasonable that Creation have declined to offer him a voucher.

Further compensation

I've considered Mr M's request for compensation. But overall, I'm not minded it's appropriate here. I've found the underlying issue of the account being closed to be reasonable, so wouldn't ask for compensation for that. Creation should have awarded the reward points and pro-rata refund of the fee earlier, but I've seen nothing to suggest this has had any further impact on Mr M.

Our service wouldn't usually award compensation for the inconvenience of having to raise a complaint, and in the circumstances of Mr M's complaint I don't see such a significant failing by Creation that would warrant compensation.

My final decision

My final decision is that to resolve this complaint Creation Financial Services Limited must

- Refund the uncredited points if they have not already done so
- Pay Mr M the pro-rated annual refund of £37.97

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 September 2023.

Thom Bennett
Ombudsman