

The complaint

Mr K complains Creation Financial Services Limited ("CFS") closed his credit card account, and in doing so failed to: refund his annual account fee; provide a hotel voucher for a free night stay; and to transfer his reward points to the scheme operator.

What happened

In December 2021, following a review, CFS decided to close Mr K's credit card account. Mr K's CFS credit card account included a rewards scheme which allowed him to accumulate points onto a separate account which could be redeemed against hotel costs. The card also awarded a free one night stay once a certain amount had been spent on the account.

Unhappy with CFS' actions, Mr K complained. As he didn't hear from CFS after a reasonable time had passed, Mr K referred his complaint to this service.

CFS then sent Mr K a final response to his complaint. In summary, it said:

- Under its terms, CFS can close the account without explanation by giving two months' notice
- The terms and conditions also say any reward benefits relating to the hotel scheme may be added or removed at any time without notice to the cardholder
- The £99 annual fee applied in July 2021 will not be refunded to Mr K
- Reward points ceased being transferred to the scheme operator's account after Mr K was issued notice of his account closure. So CFS will no longer be honouring the associated reward benefits

Mr K remained unhappy. Later, through this service, CFS made him an offer to (a) refund the account fee on a pro-rata basis; and (b) transfer the outstanding reward points to the scheme operator's account; and (c) grant the free night stay voucher if Mr K was eligible.

Mr K said he would accept this if CFS confirmed he was eligible for the night stay voucher. Mr K received his voucher and the transfer of any accumulated reward points. But he didn't receive the pro-rata refund. CFS explained it hadn't sent the pro-rata refund of £62.65 as it had not known whether Mr K accepted its offer.

Our Investigator then sent their assessment on Mr K's complaint. They said CFS had acted in line with its obligations when closing the account, but it had caused delays in releasing the reward points, voucher and annual fee refund. So they recommended CFS refund the pro-rata annual fee and pay Mr K £150 compensation.

CFS did not agree with what our Investigator said, but Mr K did. Our Investigator then asked Mr K what impact CFS' actions had on him. In summary Mr K said:

- Compensation was suggested by the Investigator. Mr K believes it was awarded due to

the time, stress, loss of opportunity, and interest relating to delay

- Mr K had to spend a lot of time chasing CFS to honour its terms and conditions, and having to refer his complaint to this service

Our Investigator then sent both parties their revised assessment. In short, they said:

- CFS should pay Mr K his pro-rata refund for the annual fee which is £62.65
- But CFS does not need to pay £150 compensation. Having thought about the impact CFS' error had on Mr K, not having access to his reward points wasn't significant enough to award compensation
- And having considered Mr K's argument that he has had to pursue the complaint with CFS and later with us, this isn't something significant enough to award compensation for

Mr K maintained that compensation is paid by CFS for the inconvenience it caused him. As Mr K didn't agree with what our Investigator said in their latest assessment, this complaint has now 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.

Having done so, I've decided to uphold Mr K's complaint in part. I'll explain why.

CFS is entitled to close an account just as a customer may close an account with it. But before CFS closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which CFS and Mr K had to comply with, say it could close the account by giving him at least two months' notice. I note CFS say it gave Mr K two months' notice. In his submissions, Mr K accepts this and says he isn't complaining about the closure. So I'm satisfied CFS has applied its terms fairly.

This brings me onto the crux of Mr K's complaint, that is, CFS failed to refund his annual account fee, not provide his hotel voucher for a free night stay and failed to transfer his reward points to the scheme operator.

CFS has already transferred Mr K's reward points and given him hotel stay voucher after he had accepted its offer. So I don't need to comment on these points anymore. But CFS say its hasn't sent Mr K his pro-rata refund of the annual fee because it had not known whether he had accepted this. Mr K had told us he had.

Given Mr K did not derive an annual benefit from his credit card account, I'm satisfied its fair CFS refund him this on a pro-rata basis. I understand this amount to be £62.65.

Mr K was prepared to accept CFS' offer as a fair resolution to his complaint, but now feels compensation for the distress and inconvenience it caused him is warranted. Our Investigator initially agreed, but after weighing up the impact CFS' actions have had, they changed their position on this.

To fairly and reasonable determine this point, I need to make it clear that I think CFS acted fairly in closing the credit card account. But it didn't act fairly by not refunding the account fee

on a pro-rata basis, transferring the reward points, and granting the hotel stay voucher. Something it later agreed to do.

So I need to think what distress and inconvenience this caused Mr K. I haven't seen compelling evidence which shows being without this money caused Mr K sufficient distress or inconvenience to the extent that I think a monetary award is merited.

I agree Mr K had to complain and then refer it to this service, but that in of itself isn't enough for me to award compensation. I do apologise however that our Investigator initially said an award was warranted only to later look into this matter properly and change their mind.

Lastly, and for the sake of completeness, I note Mr K asked to be compensated interest relating to any delay. But to award such interest, I'd need to be satisfied Mr K's has lost out by not having the refund returned sooner. And on balance, I can't say this is the case. Therefore I won't be awarding any interest.

Putting things right

To put things right, CFS should refund Mr K the annual fee on a pro-rata basis up until he stopped having use of the account. I understand this amount to be £62.65

My final decision

For the reasons above, I uphold this complaint in part. I now direct Creation Financial Services Limited to put things right as above.

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

Ketan Nagla
Ombudsman