

The complaint

Mr R complains that Creation Financial Services Limited unreasonably closed his credit card account, which meant he missed out on available rewards. He'd like to be compensated for this.

What happened

Mr R had a credit card with Creation, that offered up various rewards based on spending, including points towards a hotel reward scheme and vouchers for a free night's stay. Mr R made regular use of the card.

In September 2021 Creation wrote to Mr R to say they'd be closing his account in December 2021. They offered up no explanation for this. They also stopped crediting his reward account with any points and declined to send him a voucher for a free night's stay. Mr R complained about this, but Creation didn't agree they'd done anything wrong.

Dissatisfied with this Mr R referred his complaint to our service. Before one of our investigators could look at what happened Creation offered to credit his reward account with the accrued points, send him a free night's stay voucher, and also pay him a pro rata refund of the yearly account fee.

Our investigator thought this was a fair way to resolve the complaint. They said Creation acted within the account terms when closing the account. But they felt what Creation had offered to do in regards to the reward points was fair. Mr R disagreed, feeling this didn't go far enough, and that compensation was due.

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

Creation's terms allowed them to close Mr R's account, for any reasonable reason, so long as they provided the required notice of 60 days. In this case I can see that the notice was sent correctly.

Creation aren't under any obligation to explain their reasons for closing the account to Mr R – and haven't done so here. I've reviewed the evidence from Creation, and I'm satisfied that the reason for the closure isn't unreasonable or irrational. I can see Mr R made regular use of his card, so I can see why he'd be disappointed with the closure. But I can't say Creation have treated him unfairly when deciding to close his account.

Reward points, voucher and annual fee

The terms of the account also say the features of the account – such as the reward points – can be withdrawn at any time. But Creation have now agreed to honour these benefits, which is fair.

Creation have said they've credited the accrued points to Mr R's reward account, and sent the voucher. I think this is appropriate, and puts Mr R back in the position he would have been in.

Mr R was charged the annual account fee in April 2032, but only had use of the card up to December 2021. So, it is appropriate for Creation to provide a pro rata refund for the unused portion of this fee. They've offered £35.53 to cover this, which I'm satisfied is correct, and it's fair that Mr R gets this back.

Further compensation

Mr R has suggested further compensation, which I've considered carefully. As I mentioned the key issue is the closure of the account, which was reasonable. So, I wouldn't look to award compensation for inconvenience that flows from this.

Creation could have issued the reward points and voucher earlier than they did, but I've seen nothing to show this had any further impact on Mr R. I'm also not minded that the service provided by Creation was poor enough that compensation is warranted.

My final decision

My final decision is that I uphold this complaint, and in addition to the crediting of the reward points and the free night's voucher Creation Financial Services Limited must refund Mr R the unused portion of the account fee - £35.53.

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

Thom Bennett
Ombudsman