

The complaint

Mr W complains that Creation Financial Services Limited closed his credit card account, which meant he lost out on reward points and a hotel voucher. He'd like to be compensated and to receive the voucher.

What happened

Mr W held a credit card account with Creation. A feature of this account was that he could earn reward points that could then be traded for hotel stays or experiences. In September 2021 Creation wrote to Mr W to let him know they'd be closing his account in December 2021. They also stopped crediting the account with the reward points.

Unhappy with this Mr W complained to Creation, but they didn't think they'd done anything wrong. They said the terms of the account gave them the right to close it by providing the required notice, and in this case they had. They also said that the benefits, such as the reward points, could be removed at any time

Mr W then referred his complaint to our service. Before one of our investigators could look into the complaint Creation made an offer to credit his reward account with the points he would have accrued and issue a pro rata refund of the annual account fee of £65.62. Mr W declined this, saying it was inadequate. He asked for a certificate for a free night's hotel stay that he said he would have qualified for if the account had stayed open.

Our investigator felt the offer was fair. They were satisfied Creation had the right to close Mr W's account and had issued the required notice. The reward points had since been transferred to his reward account, so he'd been put back in the position he would have been in, and the pro-rated refund of the account fee was reasonable. At the point Creation closed his account he hadn't qualified for the free hotel night, so it wasn't reasonable to ask Creation to compensate him for this.

Mr W disagreed, saying that this failed to address his financial loss, and doesn't take in to account that he entered into a contract he paid a fee for and Creation failed to provide the service. As no agreement could be reached the complaint has been passed to be 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 reviewed everything, including the specific submissions from Mr W sent before the deadline, I'm satisfied that I have enough information on file to reach a decision.

Account closure

The terms of Mr W's Creation account say that the account can be closed for any reasonable reason if they provide at least 60 days' notice. In this case I've seen the notice Creation sent, and I'm satisfied it provided the required amount of notice. Mr W got in touch

with Creation about the closure in October 2022, which satisfies me the closure notice was received and understood.

Having reviewed the evidence supplied by Creation, I'm satisfied the decision to close Mr W's account wasn't unreasonable, or irrational. I've no doubt Mr W would be shocked and upset to learn his account was to be closed, but I can't say Creation have treated him unfairly in doing so.

Reward points, annual fee and hotel voucher

I understand Creation have already awarded Mr W's reward account with the accrued points, which is the fairest thing to do in the circumstances. He's now back in the position he would have been in had they done so in December 2021.

Creation have also offered him the pro rata refund of the annual account fee, which he paid in July 2022. This is a fair and reasonable suggestion – as Mr W commented he's paid for the full year of the credit card, but only received a partial year's worth of service. I agree that he shouldn't have to pay for the full year. Having reviewed the figures, I'm satisfied the offered £65.62 represents a pro-rated refund of the unused portion.

In regard to the free night's voucher, Mr W hasn't disputed that he didn't meet the threshold for the free night voucher but could have if the account remained open. But as I've mentioned above the closure was reasonable and in line with the terms. I wouldn't ask Creation to cover losses that may arise from reasonable actions, so it follows that I can't reasonably direct Creation to offer him this voucher or a cash alternative.

Mr W has also mentioned his financial losses but has not provided anything further to demonstrate what these are. So, I've not seen anything to suggest Creation should pay Mr W any more than they've already offered to do so.

My final decision

My final decision is that Creation Financial Services Limited must refund the unused portion of Mr W's annual fee of £65.62.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 September 2023.

Thom Bennett
Ombudsman