

The complaint

Mr S complains that Creation Financial Services Limited closed his account, didn't credit his points, a free night stay voucher or refund the annual fee. He'd like his benefits credited and compensation for the impact.

What happened

Mr S had a rewards club premium credit card account with Creation which included an annual fee of £99. The card included the ability to earn reward points, which could be redeemed for hotel stays or experiences, and a hotel voucher for a free night stay. In late 2021, Creation sent Mr S a text message followed by a letter informing him that his credit card account would be closed in December 2021. And they wouldn't be crediting him the points for the last statement period, his free night stay voucher or a refund of the unused annual fee.

Mr S complained to Creation. But Creation didn't uphold his complaint. They said they acted fairly in closing Mr S's account, not refunding the annual fee, crediting the points or the hotel voucher. Mr S wasn't happy with Creation's response and brought his complaint to our service.

After Mr S brought his complaint to our service Creation made an offer to resolve Mr S's complaint. They offered Mr S a pro-rata refund of his annual fee, the points not credited and the free night stay voucher.

Mr S didn't accept the offer. He complained that Creation haven't offered compensation for the time, hassle and inconvenience caused and having to raise a complaint with our service. Mr S also said he only discovered that Creation had sent him a free night voucher in June 2023, when he checked his account. And that he hadn't agreed to accept Creation's offer up to this point which meant he's lost out on at least two months to use the voucher which should be valid for 12 months.

One of our investigator's looked into Mr S's complaint and thought Creation needed to do more. Our investigator thought that as well as offering to refund the annual fee, points and free night stay voucher, Creation should pay Mr S £150 compensation for the inconvenience caused to him by not being able to use his free night stay voucher when he went on holiday in 2022 and 2023. The investigator also said Creation should pay Mr S a further £50 for not informing Mr S it had added the free night voucher to his account, which meant he had less time to use his voucher.

Mr S and Creation rejected the investigator's recommendations. Mr S said the £50 compensation doesn't go far enough – he wants Creation to reissue the voucher so that he has a full 12 month period to use it. He also wants 8% compensation for the loss of use of his refund fee. Creation said it couldn't re-issue the hotel voucher and said it had done enough to put things right. So it didn't accept it should pay Mr S any further compensation. As no agreement could be reached 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.

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 S's account. I reviewed the terms and they explain that Creation can close an account for any reason by giving 60 days notice. I appreciate this is disappointing for Mr S however, Creation have provided Mr S with the full notice period, so I can say Creation have acted unfairly.

Annual fee, withholding of points and hotel voucher

Creation have offered to reimburse Mr S's points, award him the free night stay voucher and give a pro-rata refund. I'm satisfied that Creation shouldn't have deprived Mr S of access to the points, voucher and pro-rata refund when initially closing the account. But I'm pleased to see that they have now agreed to rectify this. I understand that Creation has already reimbursed Mr S his points and voucher. But Mr S is still awaiting his annual fee refund. And isn't happy to accept the voucher that has been issued.

I note that Creation has agreed to pro-rata refund of his annual fee, but I will make an award in that sum, of £29.84, so that Mr S can enforce it should he need to do so. Mr S has asked to be compensated 8% interest on his pro-rata annual fee refund. To award 8%, I'd need to be satisfied that he's 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 8% interest.

The investigator thought that Creation should also pay Mr S £50 compensation as Mr S wasn't able to use his free night voucher on holiday in 2022 and 2023. Mr S has provided evidence to this service that he had made a number of trips overseas during this period and wasn't able to use his voucher which at the time would have been available to him. So, I'm satisfied that he lost out on the opportunity of using his voucher and was inconvenienced. Taking this into account, I agree with the investigator that Creation should pay Mr S compensation. I'm satisfied that £150 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr S was caused by not being able to use his free night voucher. I should add that in reaching this conclusion Creation has explained to this service that it is unable to re-set or re-issue Mr S's hotel voucher. And I accept that.

Creation has confirmed that it issued the voucher to Mr S sometime in mid-April 2023. However, Mr S wasn't aware this had been done and only found out about the existence of the voucher on the off-chance by checking his account in June 2023. At the time he hadn't agreed to accept the offer made by Creation, so he says he has missed out on a full 12 month period in which to use the voucher. I haven't seen any evidence that Creation made Mr S aware that it had placed a voucher in his account. So, I can't see how Mr S would've known about it. The investigator has recommended Creation pay Mr S £50 for the lack of communication. I'm satisfied that this is a fair and reasonable way to resolve to resolve this aspect of Mr S's complaint.

Mr S has said he wants additional compensation to resolve this matter. He's pointed out that he's spent time and effort trying to resolve his complaint. And missed out on the use of his pro-rata refund of £29.84 and a full 12 month period to use his hotel voucher. He's also argued that the cost of accommodation overseas has gone up along with the cost of living.

I understand the point Mr S seeks to make. But I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their

complaint to this service. So, whilst I know Mr S won't agree, I won't be asking Creation to do anything more.

Putting things right

If they haven't already done so, I'll be directing Creation to refund the unused part of the annual fee, and credit his outstanding award club points to his account; pay Mr S a total of £200 compensation for the trouble and upset of not being able to use his free night voucher and not advising Mr S that it had issued him with a voucher.

My final decision

My final decision is that I uphold this complaint and direct Creation Financial Services Limited to:

- Pay Mr S £29.84
- Credit Mr S's IHG account with his outstanding award club points
- Pay Mr S a total of £200 compensation for the trouble and upset caused by not being able to use his free night voucher and not informing him he had been issued a hotel voucher

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 August 2023.

Sharon Kerrison
Ombudsman