

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 letter informing him that his credit card account would be closed on 2 December 2021. And that 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. He said that overall the offer didn't go far enough. He wants an extra hotel voucher, more points, and interest on the loss of use of his pro-rata refund. Mr S added that he's happy for the compensation to be paid to charity.

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 £50 compensation for the inconvenience caused to him by not being able to use his free night stay voucher when he was booking holidays, which he did well in advance of his planned trips.

Mr S didn't respond to the view. Creation disagreed. It said it had done enough to put things right and that the terms and conditions of Mr S's account permitted them to add or remove the free stay voucher at any time.
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

Mr S wants Creation to explain the reason it closed his account. But Creation is under no obligation to tell Mr S the reasons behind its decision to close his account, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr S this information. And it wouldn't be appropriate for me to require it do so.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information Creation has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr S, but I'd like to reassure him that I have considered everything.

I know Mr S is annoyed and upset that Creation closed his account. I appreciate that it can't be pleasant being told you're no longer wanted as a customer. 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.

Having looked at all the information available to me, including Creation's actions and the information it's provided I'm satisfied that Creation's decision to close Mr S was reached legitimately and fairly. I've reviewed the terms and conditions and circumstances of this complaint, and I'm satisfied Creation acted in line with them, so, it was entitled to close the account as it has already done. I appreciate this is disappointing for Mr S however, Creation have provided Mr S with the full notice period, so I can't 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. I note that Creation has agreed to a pro-rata refund of his annual fee, but I will make an award in that sum, of £37.97, so that Mr S can enforce it should he need to do so.

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 holidays, which he says he usually booked at least 10 months in advance. Mr S has provided evidence to this service that he would have used his voucher on trips, had it 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 £50 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.

Mr S says the compensation doesn't go far enough. 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. 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.

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 pay Mr S £50 compensation for the trouble and upset of not being able to use his free night voucher.

My final decision

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

- Pay Mr S £37.97
- Pay Mr S £50 compensation for the trouble and upset caused by not being able to use his free night voucher

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 September 2023.

Sharon Kerrison
Ombudsman