

The complaint

Mr E complains that Creation Financial Services Limited unfairly closed his account without explanation. He'd like compensation for the impact and damage to his credit file.

What happened

Mr E had a rewards club credit card account with Creation. The card included the ability to earn reward points, which could be redeemed for hotel stays or experiences.

In late 2021, Creation sent Mr E a letter informing him that his credit card account would be closed in December 2021.

Mr E complained to Creation. But Creation didn't uphold his complaint. They said they acted fairly in closing Mr E's account, and Mr E didn't have any outstanding reward points. Mr E was unhappy with Creation's response and brought his complaint to our service.

Mr E said he has been treated disgracefully by Creation and always maintained his account properly. So he says Creation has closed his account unfairly. Mr E is also worried that his credit file has been impacted as a result of Creation closing his account and the application he completed when he applied for account in the first place. He's explained that he has a long term health condition and caring responsibilities, so spending time dealing with financial matters is challenging and stressful for him. He wants Creation to pay him compensation for the trouble and upset caused by it closing his account.

One of our investigator's looked into Mr E's complaint. She said Creation hadn't done anything wrong when it had closed his account. And thought it was unlikely that the closing of Mr E's account had impacted his credit score negatively. Mr E disagreed. He said Creation have closed a huge number of accounts, including his, in an attempt to stifle the competition, simply for using the services of another business.

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.

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 E, but I'd like to reassure him that I have considered everything.

Account closure

I understand that Mr E is unhappy Creation closed his account, it can't be pleasant being told you are 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 E's account. I've 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 E's account 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 E however, Creation have provided Mr E with the full notice period, so I can't say Creation have acted unfairly in taking the actions it did. I've considered whether Creation need to offer any compensation in regard to the closure. But from what I've seen the decision to close was reasonable. So it wouldn't be appropriate for me to award any compensation since I don't find Creation treated Mr E unfairly when it closed his account.

Mr E says Creation has closed his account in an attempt to stifle the competition. He has pointed to others who have raised similar complaints to this service in support of what he's said about his suspicions. Whilst I can appreciate Mr E's frustration and his point of view, this is a matter for the regulator, The Financial Conduct Authority and not this service. So, I've not considered this aspect of Mr E's complaint further.

I acknowledge Mr E's comments about other individuals who have made similar complaints about Creation. But I can't comment on those. This decision has focussed solely Mr E's complaint. And each complaint is considered on its own individual merits.

Credit file

Mr E is concerned that his credit file has been impacted by completing an application process to open the account and by Creation closing it.

When a customer makes an application to open an account, it's not unusual for a business, like Creation to carry out searches with credit reference agencies when considering applications for an account. Creation confirms this is something it does in its terms and conditions for the account Mr E wanted to open. This search would have left a footprint on Mr E's credit file. I've not seen anything to suggest that Mr E wasn't happy to proceed with his application, so in light of the above I can't say Creation did anything wrong when it carried out a credit search on Mr E.

I appreciate what Mr E has said about his credit file. Whilst I accept what Mr E says and understand his concerns, I haven't seen any evidence that Creation's credit search led to Mr E suffering any financial loss or meant he couldn't apply for another account.

If a customer applies for an account, and agrees to credit searches in the process, I would, only expect this type of information to be removed if the business performing the searches provided incorrect information to credit reference agencies. I've seen nothing to suggest that was the case here. A search was carried out because Mr E applied for an account. And Creation reported information about how the account had been managed when it closed Mr E's account. Creation is under an obligation to report accurate information. I'm satisfied that is what has happened here.

I can understand Mr E is concerned that because it was Creation who closed the account and not him the closure may impact his credit file. But I've not seen any evidence that this is the case. I've also kept in mind that Mr E didn't owe anything when the account was closed, and Mr E maintained his repayments.

I note too that Creation tried to assist Mr E by informing him that he could add a statement to his credit file, known as 'Notice of Corrections'. This is a short explanatory note that can be added to an entry on a credit file to explain the background to that information. Anyone searching Mr E's credit file in the future would then have been able to see the note and have to take that into consideration if and when Mr E applied for credit. So, while I understand this was frustrating for Mr E, I do not find that Creation did anything wrong in completing a credit check and reporting information to credit reference agencies.

Finally, Mr E has said he wants compensation to resolve this matter. He's pointed out that he's spent time and effort trying to resolve his complaint. He's said he has waited a long time for things to be sorted out and had to go to the trouble of bringing his complaint to this service.

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 E has asked to be compensated for the time he's had to wait for his complaint to be resolved. But I'd need to be satisfied that he's lost out and been caused inconvenience by not having his complaint resolved sooner. And on balance, I can't say this is the case. Therefore, I won't be awarding any compensation.

My final decision

For the reasons I've explained, my final decision is that I do not uphold Mr E's complaint against Creation Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 5 October 2023.

Sharon Kerrison
Ombudsman