

The complaint

Mr H complains that Creation Financial Services Limited closed his account without explanation and didn't credit his reward points. He'd like his benefits credited and compensation for the impact.

What happened

Mr H 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 H a letter informing him that his credit card account would be closed on in December 2021. And they wouldn't be crediting him the points for the last statement period or a refund of the unused annual fee. Mr H didn't meet the threshold for the free night voucher at the time his account was closed.

Mr H complained to Creation. But Creation didn't uphold his complaint. They said they acted fairly in closing Mr H's account, not crediting the points, and not refunding the annual fee. Mr H wasn't happy with Creation's response and brought his complaint to our service. He said he wants compensation for the impact Creation closing his account had on him. And wants a refund of his card fee and points applied to his account.

After Mr H brought his complaint to our service Creation made an offer to resolve Mr H's complaint. They offered Mr H the points not credited and a pro-rata refund of the annual card fee. Mr H didn't accept the offer as he didn't think the offer went far enough to put things right and didn't contain enough detail. He said that Creation needed to do more and haven't offered compensation for the time, hassle and inconvenience caused and having to raise a complaint with our service.

One of our investigator's looked into Mr H's complaint and thought Creation needed to do more. Our investigator thought that as well as offering to refund the annual fee and points, Creation should pay Mr H £50 compensation for the inconvenience caused to him by not awarding his points and refunding his account fee at the time it had closed Mr H's account. Mr H didn't respond. Creation rejected the investigator's recommendations. Creation said it had done enough to put things right and could withdraw the card benefits at any time. So it didn't accept it should pay Mr H any further compensation.

As no agreement could be reached the matter came to me to decide. I issued a provisional decision in which I said the following:

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 H'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 H however, Creation have provided Mr H 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 H's points and give a pro-rata refund. I note too that Mr H hasn't disputed that he didn't meet the threshold for the free night voucher. I'm satisfied that Creation shouldn't have deprived Mr H of access to the points 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 H his points. But Mr H is still awaiting his annual fee refund. Creation have offered Mr H the pro-rata refund of the annual account fee, which he paid in July 2021. This is fair and reasonable as Mr H 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 £49.50 represents a pro-rated refund of the unused portion. I note that Creation has agreed to provide Mr H a pro-rata refund, but I will make an award in that sum, of £49.50, so that Mr H can enforce it should he need to do so.

Mr H 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 says he has waited a long time for things to be sorted out. The investigator also thought that Creation should also pay Mr H £50 compensation for poor service, as he thought Creation should have transferred Mr H's points and refunded his account fee at the time it closed Mr H's account. But as I've mentioned above the closure was reasonable and in line with the terms.

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 H 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 by not having his points or account fee returned sooner. And on balance, and in the absence of any evidence to the contrary, I can't say this is the case. So, I've not seen anything to suggest Creation should pay Mr H any more than they've already offered to do so.

To put things right I said that If they hadn't already done so, Creation should refund the unused part of the annual fee, and credit Mr H's outstanding award club points to his account.

Creation accepted my provisional decision and said that Mr H's pro rata refund amounted to £62.65, which was slightly more than I'd set out in my provisional decision. Creation said it was happy to refund this amount to Mr H. Creation also said that it had transferred Mr H's outstanding reward points, amounting to 706 to his IHG account in mid - April 2023.

Mr H didn't accept my provisional decision. In summary he said:

- Creation hadn't refunded him the pro-rata refund at its earliest opportunity to do so, which was when he raised his complaint. Despite refunding other customers.
- He's had to raise a complaint with our service so he should be compensated for the time and effort that had taken him
- He should be compensated for the loss of use of the pro-rata refund and use of his points

Now both sides have had an opportunity to comment I can go ahead and issue my final decision.

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.

Mr H has highlighted a number of concerns, which I'll now address below.

Firstly, I acknowledge Mr H'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 H's complaint. And each complaint is considered on its own individual merits.

I acknowledge that Mr H wants more compensation but as I explained in my provisional decision, 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 H has asked to be compensated for the time he's had to wait for his complaint to be resolved. And for the loss of use of his refund and points. But I'd need to be satisfied that he's lost out by not having his points or account fee returned sooner. And on balance, I can't say this is the case. Therefore, I won't be awarding interest or further compensation.

In summary, I recognise how strongly Mr H feels about what's happened, and I don't doubt it was a frustrating and upsetting time. So, I realise he will be disappointed by my decision. But I see no reason to depart from my provisional findings. I remain of the view that this complaint should be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

To put things right, Creation has agreed to provide Mr H a pro-rata refund, but I will make an award in that sum, of £62.65, so that Mr H can enforce it should he need to do so.

My final decision

My final decision is that I uphold this complaint and direct Creation Financial Services Limited to pay Mr H £62.65.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 October 2023.

Sharon Kerrison
Ombudsman