

The complaint

Mr T complains that he wasn't provided with any information when he entered into a Buy Now Pay Later (BNPL) agreement with Creation Consumer Finance Ltd.

What happened

In June 2021 Mr T purchased a washer-dryer from a merchant and entered into a credit agreement with Creation. Mr T chose the BNPL option, which meant that if he paid for the goods in full on or before 10 March 2022 he wouldn't have to pay any interest. Mr T opted in to receive online statements through his new Creation online account.

In April 2022 Mr T noticed an unexpected direct debit from his bank account. As he wasn't expecting this he called his bank and requested a refund. He called and emailed the merchant to clarify the situation with Creation and source his account number so that he could log on to the online account. He paid the full balance of the washer-dryer on 3 May. As he hadn't paid the balance by 10 March Creation charged him interest. He raised a complaint with Creation. He said he hadn't received any information in relation to his credit agreement.

In its final response Creation said two statements were made available to Mr T by his 'Online Account Manager' as paperless statement delivery was selected at the point of sale, as a reminder of the Special Offer Date. It said, however, as it did not receive payment by or before the required date, interest became applicable, and a direct debit was initiated to collect monthly repayments from his bank account. Creation went on to say Mr T signed an agreement to confirm he had read, understood, and accepted the Terms and Conditions. The agreement outlined his Special Offer Date, and how the interest would be applied.

Mr T wasn't satisfied and brought his complaint to this service. He said he hadn't been treated fairly by Creation as it hadn't sent him any type of correspondence regarding his account before the payment was taken 10 months after purchase. He said he didn't even know the credit company used by the merchant. Mr T said when he finally accessed the online account he was able to read the agreement which said he would receive a monthly notification by email when his statement was ready. He said he didn't receive any emails. And the only access given to him by Creation to the online account was when he signed the agreement.

Our investigator concluded that Mr T had been provided with a link to allow him to register and access his account. He said Mr T could've contacted Creation to access the account and it was his responsibility to make sure he repaid the borrowed amount within the BNPL period.

Mr T did not agree and asked for a decision from an ombudsman. He said at no point did Creation make clear that the online account was the only means for him to get information. He said he had the funds to pay the full balance prior to the BNPL interest free deadline but Creation had allowed the 9-month offer period to pass with no contact whatsoever.

I issued a provisional decision on 16 August 2023. I said:

"I can see from the credit agreement Mr T signed that he opted in to receive online statements. I can also see the details of the BNPL period were clearly outlined in the agreement. But I also note that it says:

"You'll receive a monthly notification via email when your statement is ready. This will contain a link to log on to your account online to view your statement."

My role is to come to what I think is a fair and reasonable outcome based on the evidence available to me, taking account of the relevant laws, rules and industry practice. It was Mr T's responsibility to pay for the balance prior to the deadline to avoid interest accruing. But it was Creation's responsibility to ensure Mr T had reasonable access to his account. And I can't see that it did. In the agreement it said it would email Mr T to inform him when statements were ready. It said in its final response that two statements were available online.

I asked Creation to provide me with a copy of any emails sent to Mr T between 20 June 2021 and 20 March 2022 and to confirm the email address it holds for him. I also asked specifically if Mr T was sent any statement emails before 20 March 2022.

Creation provided evidence of statements available to Mr T through his online account and confirmed the correct email address for him. In answer to my request for copies of emails it may have sent before March 2022 it provided copies of statements. But it hasn't provided evidence of any actual emails it sent to Mr T to inform him that statements were available and including the link to his online account.

Mr T has provided evidence that he had more than sufficient funds in his bank account to pay the outstanding balance prior to the interest free deadline and he paid the balance as soon as he realised what the direct debit was taken for. So I'm satisfied his intention had always been to pay the balance before the deadline.

I'm not persuaded Creation sent any emails to Mr T despite saying that it would do so on the agreement. I think it's likely Mr T would've paid in full before the end of the BNPL interest free period had he received emails and the link to the account to access his statements."

Subject to any further information I might receive from either party I was minded to instruct Creation to remove all interest from Mr T's account relating to the purchase which is the subject of this complaint.

Mr T responded to my provisional decision to inform us that he'd made the interest payment to prevent further charges. Creation said Mr T opted out of notifications except for statements. It said it could not be held responsible for how Mr T manages his online account.

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 done so I believe my provisional decision stills stands. In its email in response to my provisional decision Creation said:

"It seems the customer did opt out to their notifications apart from their statements. Due to this, the customer did not receive the monthly notification when the statement is ready to view.

Creation cannot be held responsible in how the customer manage their online account manager.”

Creation included a screenshot from its system indicating Mr T's notification settings from when he set up his account. For 'account settled alert', 'account update' and 'end pay later period' he opted out of email and SMS notifications. So I can understand why Mr T didn't receive an email when his BNPL deal was due to end. But Creation's comments above are contradictory regarding statements. Mr T opted in to receive email notifications for statements so he should have received emails alerting him to the statement when it was available online. And as I mentioned above Creation said access to the online account would be in those emails. Creation still hasn't provided copies of any emails it sent to Mr T so I'm still not persuaded it sent any and I remain of the opinion that Mr T would have settled in full before the end of the BNPL period.

Putting things right

To put things right Creation Consumer Finance Ltd must remove all interest from Mr T's account relating to the purchase which is a subject of this complaint.

Mr T said he paid £490.17 in interest on 7 October 2022 so Creation Consumer Finance Ltd must refund this interest payment.

My final decision

My final decision is that I uphold this complaint and Creation Consumer Finance Ltd must put things right as I've set out above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 October 2023.

Maxine Sutton
Ombudsman