

## The complaint

Mr H complains that Creation Financial Services Limited closed his credit card account without notice, leaving him without a cashback offer or reward points. He'd like these to be paid to him, and compensation for the time taken to resolve the issue.

## What happened

Mr H held a credit card with Creation, which included the ability to earn reward points that could be redeemed for hotels or experiences. Creation were also offering 0.5% cashback on qualifying purchases made using the card. He regularly used the card, often through a third party card aggregation service.

In September 2021 Creation wrote to Mr H to say they would be closing his credit card account in December 2021. They also informed him that he wouldn't be crediting his reward account with the points from his last statement period.

Mr H complained about the closure, and that he hadn't received the cashback amount he'd been expecting on purchases. But Creation didn't uphold his complaint. They said they had given the required notice under the terms of his card account and confirmed they would not be adding points to the reward scheme after this notification had been given. They also said the offer for 0.5% back on purchases did not apply for payments through the card aggregation service, as these weren't considered standard purchases.

Unhappy with this Mr H referred his complaint to our service. Creation then made an offer to resolve the complaint – saying they would transfer the accrued points to the reward scheme. Mr H declined this, saying this didn't include the cashback he believed his was due, nor any compensation for the length of time Creation had taken to resolve the issue.

One of our investigators looked into what happened and thought the offer to award the points was fair. They couldn't see any specific examples of poor customer service, such that compensation was paid. But they agreed they couldn't see a reason why the cashback offer hadn't been paid – and asked Creation to pay this to him.

Creation came back to say they had already made the payment of points. They also said that the payments Mr H was claiming cashback on had been made using the card aggregation service, which meant they didn't meet the criteria for the offer. They also didn't feel they should pay Mr H any compensation. The investigator then changed their mind and didn't feel the cashback should be provided.

Mr H disagreed, and as such the case was passed to me to decide. After reviewing the evidence, I issued a provisional decision that said:

### *Account closure*

*I'm satisfied that the terms of Mr H's account allowed Creation to close it with the required notice period. I've seen a copy of the notification, and I'm satisfied that the correct notice was given.*

*Creation have declined to go into detail about why they closed Mr H's account, and they're under no obligation to do so. But I've reviewed their decision and ultimately, I don't find it to be irrational, or unreasonable. I can't see that Creation have treated him unfairly by closing his account.*

*But I understand Creation have now reimbursed Mr H's reward account with the points he would have accrued, which is reasonable. Creation also offered a pro rata refund on the any annual account fee but looking at the statements I can't see that any fee was charged. From what I've seen the type of account he had didn't come with anniversary voucher for a free night's stay.*

*I've considered whether Creation need to offer any compensation regarding the closure. But from what I've seen the decision to close was reasonable. I appreciate Mr H will likely be frustrated by the delay in the reward points being added to his account, but I think by adding them Creation have returned him to the position he would have been in otherwise. So, I'm satisfied they don't need to do anything further than that.*

#### *Cashback offer*

*The cashback promotion Mr H was interested in ran from 1 July 2021 to 29 August 2021 and offered 0.5% cashback paid to the outstanding balance of the account. Mr H only received a total of 22p back, when he believes he should have received a lot more.*

*I've considered Mr H's request for the cashback offer to be paid to him carefully. Creation's position is that any payments made through the card aggregator do not meet the criteria as "Standard Purchases".*

*These are defined in the terms of the account as "a purchase of goods and/or services (including any insurance) by you or an additional cardholder and in respect of which payment is made by use of the Card, Card number or, where permitted by us, a PIN and which may be effected in any manner including, without limitation, by means or text messaging by mobile phone ("SMS"), ATM, e-mail and Internet."*

*The terms of the offer say that "Certain transactions are not eligible for Cashback, these include Balance Transfers, Cash Advances and gambling. Cashback may be suspended and not earned if you breach any of the Terms and Conditions of your credit card agreement for example exceeding your credit limit, or failure to make at least the minimum payment each month".*

*There is nothing in the terms that seem to specifically exclude the use of a card aggregator, like Mr H was using. I asked Creation for technical evidence to demonstrate how these transactions were processed – for example if they are logged as cash advances. But nothing has been provided that satisfies me this is the case.*

*But, in any case I don't see how Mr H would have been aware of this at the time of the cashback offer. I've reviewed the marketing he received, and that provided by Creation. There is nothing here to suggest payments for goods and services through the card aggregator wouldn't be counted. Had this information been included then Mr H would have had the opportunity to decide whether to use the Creation card without the card aggregator.*

*I'm satisfied that Mr H was interested in the cashback awards. And he has been induced in to spending using the Creation account for goods and services by the seeming promise of receiving the 0.5% cashback, only to be declined for reasons I don't reasonably think he ought to have been aware of. I'm minded Creation haven't treated him fairly by declining to*

*include these transactions in the cashback offer. They should honour the cashback promotion for payments for goods and services he made using the card aggregator.*

*I note from the statements that there were payments to a savings and investments provider, and to an electronic money institution – I'm not minded these should be included in the calculation for the cashback offer as it should be reasonably clear to Mr H these would be cash advances.*

*The cashback offer was originally paid towards Mr H's account balance on 14 October 2021, so I would ask Creation to rework the account from this date taking in to account the payments made using the card aggregator. This likely means Mr H repaid more than he had to when the account was closed – so Creation should refund any overpayment directly to him. As he's been without the use of these funds this should also include 8% simple interest per annum from the date of Mr H's last payment to the date of settlement.*

Creation disagreed, saying Mr H's account was closed because of breaches of the account terms, which disqualified him from the cashback offer. They also said again the purchases did not count as standard purchases.

Mr H said he agreed with the issue about points and cashback but felt there had been customer service failings in how long it took for Creation to respond to the complaint. He said they didn't handle emails effectively and expected replies did not materialise.

### **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'm satisfied with the conclusions reached in the provisional decision.

Both parties now seem in agreement on the rewards point issue, so I do not need to make any findings on this. And there doesn't seem to be any dispute that Creation closed the account in line with the terms of the account – so I remain satisfied that this was a reasonable course of action.

On the cashback offer, I've considered what Creation has said. But I also note from the file that Creation had already paid Mr H a portion of the cashback offer – based on those transactions he made using the card directly rather than through the card aggregator – as highlighted in my provisional decision. If Mr H had been disqualified from the cashback offer, as Creation are now saying, I wouldn't have expected any of this to be paid.

Creation have offered no further technical evidence of what the payments made using the card aggregator aren't to be considered "standard purchases". Overall, I do not see that Creation's responses on this point have much merit.

I remain satisfied that Mr H has been induced in to spending on his Creation card by the offer, and it would not have been clear to a reasonable person that Creation intended to exclude the payments using a card aggregator. In the circumstances I see it's fair and reasonable for Creation to pay him the cashback for the purchases – excluding those may to the investment firm and the EMI.

On the customer service, our service can't consider how a business handled a complaint once it was received by a business as it's not within the scope of what we do. And we wouldn't usually award compensation for the inconvenience of having to raise a complaint. I've not seen anything to suggest a wider impact on Mr H beyond the wait for the cash back

to be credited – but the interest award is to acknowledge the loss of use of these funds over that period.

In the particular circumstances of the complaint, I see that the awarding of the points and cashback as putting Mr H back in the position he would have been in and is the most appropriate way to resolve this complaint.

### **My final decision**

To resolve this complaint Creation Financial Services Limited must:

- Credit Mr H's account with the cashback offer for the purchases made using the card aggregator during the cashback period – excluding the transactions to the investment firm and the EMI mentioned above – as of 14 October 2021; and rework the account from this point on.
- If this means Mr H paid more than he otherwise would have to close the account, then this money should be refunded directly to him.
- Add 8% simple interest per annum on to the refund due to Mr H, from the date of payment to the date of settlement.
- If Creation considers it's required by HMRC to deduct tax from the interest award, they should give Mr H a certificate showing how much was deducted, should he ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 October 2023.

Thom Bennett  
**Ombudsman**