

The complaint

Mr H complains that Creation Financial Services Limited closed his credit card, withheld his annual fee, failed to credit his points and a free night stay hotel voucher.

What happened

Mr H had a premium reward club credit card account with Creation which included an annual fee. The card gave Mr H the ability to earn reward points which could be redeemed for hotel stays or experiences via a scheme I'll call A. And the opportunity to earn a free night stay at a hotel by spending a minimum of 10,000 points a year.

On 30 September 2021 Creation sent a letter to Mr H informing him that they'd be closing his account on 2 December 2021.

Creation also advised Mr H that they wouldn't be crediting him the points he'd accrued during the last statement period, awarding him the free night stay voucher or refunding the annual fee.

Mr H complained to Creation. He also raised concerns about Creation charging him a late payment fee of £12, and interest on his October statement when he'd made his payment on time.

Creation agreed they shouldn't have charged Mr H the late payment fee or the interest. And they accepted there was an error in their payment system at the time.

However, they thought they'd acted fairly in closing the account, the free night stay voucher and not refunding the annual fee.

Mr H wasn't satisfied with Creation's response so complained to our service. He's raised a number of points, some of which have been addressed in another decision considered by our service. The additional points included the amount of time he spent on the phone resolving the late payment and interest charges, and Creation's failure to award him the correct points for spending he carried out outside the UK.

After the complaint was brought to our service Creation made an offer to Mr H – they offered to refund a pro-rata proportion of the annual fee, credit the outstanding points and the free night stay voucher.

Mr H didn't agree and requested our investigator considered a free breakfast he wasn't able to receive and the inconvenience caused by phone calls he'd made to Creation for various issues. Some of this inconvenience was considered and addressed in a previous decision issued by our service.

Our investigator reviewed Mr H's complaint. They thought Creation made a fair proposal to credit his points, the pro-rata annual fee and free night stay voucher. They didn't agree with Mr H that he should be awarded any additional points for his spending outside of the UK. But, they agreed with Mr H he had experienced poor service from Creation and was

inconvenienced by this. And they awarded Mr H £50 compensation.

Mr H didn't agree. In summary he said:

- He wasted five and a half hours on the phone to Creation resolving issues
- At the time the free night stay voucher should have been awarded, in March 2022, he had a higher status with A. And would have been awarded a free breakfast for him and a guest. He's since stayed at a hotel and paid 72 euros for two breakfasts, which he thinks should be refunded.
- He should be credited the account fee from 27 September 2021, not 2 December 2021.
- He should be paid four points for the payments made outside of the UK, not two which he's currently been credited.

I understand that Mr H has now received the points credited to his account, and the free night stay voucher – and he's satisfied in the amount of the points credited and the value of the hotel voucher.

As Mr H didn't agree it's been passed 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.

Withholding of points, the free night stay voucher and annual fee

Creation have offered to reimburse Mr H's points, award him the free night stay voucher and give him a pro-rata refund of the annual fee. I'm satisfied that Creation shouldn't have deprived Mr H of access to the points, voucher and pro-rata refund when initially closing his account. But, I'm pleased to see that they've now agreed to rectify this.

Mr H however remains unhappy with the amount of the pro-rata refund Creation have offered namely £29.84. Mr H believes he should be refunded the annual fee from 27 September 2021, not 2 December 2021, as that's when he believes the benefits for the card were removed and he stopped spending.

I've considered Mr H's argument. But I'm afraid I don't agree. I appreciate he stopped spending from 27 September 2021, but that was a decision he made. And it wasn't the case that Mr H *couldn't* use the card or accrue points for any spending. It follows I can't agree the pro-rata refund of the annual fee should be backdated to 27 September 2021.

Although Mr H has accepted the free night stay voucher, he's unhappy he's been unable to receive a free breakfast. He's argued this cost him 72 euros when purchasing the breakfast on his free night stay.

Creation have argued that they have no control over Mr H's status with A. And if Mr H is unhappy with benefits he receives from his account with A, he'll need to raise it with them. I'm afraid I agree with Creation on this. I'm satisfied Creation should have awarded Mr H's free night stay voucher in March 2022 – however I'm pleased to see this has now happened. Whether Mr H would have benefited from a free breakfast through his status with A at the time isn't something I can hold Creation responsible for.

Points earned when outside of the UK

Mr H has argued that he should be credited an additional 150 points from Creation for spending he carried out outside the UK. Specifically Mr H is referring to five transactions which took place in a British Overseas territory between 16 and 21 September 2021. Creation have explained that Mr H wasn't credited four points per pound spent for all of these transactions as the merchant country is set by the merchant, not by Creation.

I've seen evidence from Creation which shows two of the five transactions had the merchant country set as the UK, not the British Overseas territory, these transactions totalled £75.95. In doing so these two transactions earned two points per pound spent instead of four points, and meant Mr H earned 152 points less. I understand this is disappointing for Mr H but I can't say that Creation's actions were unfair here, or conclude as Mr H argues there's an error with their process determining how many points should be awarded.

Time spent speaking with Creation

I've considered what Mr H has said about the inconvenience caused to him in contacting Creation about a failed £300 payment, the late payment fee and interest he was charged. I'm unable to consider the inconvenience caused to him when contacting Creation about the failed £300 payment, as this was addressed in a previous decision issued by our service.

But, I've thought about whether Mr H was inconvenienced in speaking to Creation about the unfair late payment fee and interest added to his account. And I think he was. Creation don't have a copy of calls Mr H made regarding this issue, however they accept the fees were charged incorrectly. In the absence of any call records from Creation, Mr H's testimony that he had to contact Creation on several occasions to resolve the charges is persuasive. And I'm satisfied this is likely what happened.

Putting things right

Our investigator awarded Mr H £50 for the inconvenience caused to him by repeatedly contacting Creation to resolve this issue. I'm satisfied this is fair and in line with our approach for awards on distress and inconvenience.

My final decision

My final decision is I uphold Mr H's complaint. I direct Creation Financial Services Limited to:

- Pay Mr H £50 compensation for the inconvenience caused to him
- Pay Mr H £29.84 as a refund of the pro-rata portion of the annual fee

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

Jeff Burch
Ombudsman