

## The complaint

Mr M complains about the way Creation Consumer Finance Ltd (“Creation”) has administered his credit card account.

## What happened

Mr M brought a previous complaint to our service about Creation which was resolved under a separate reference. In that complaint, Creation agreed with our investigator’s recommendations to put a freeze on interest and charges as a result of Mr M’s financial difficulties.

On 10th January 2022, Mr M contacted Creation acknowledging correspondence from them about his payment plan coming to an end. Mr M said he was able to increase his payments towards repaying his debt and asked Creation whether they’d accept £25 each month. He also asked Creation to send him an up-to-date account statement as he hadn’t received any statements since May 2021.

Creation didn’t reply so Mr M contacted them again on 9 and 16 February 2022 asking for a reply.

Creation replied to Mr M on 14 March 2022 apologising for their lack of reply and asked him to complete a financial statement to help them set up a reduced, affordable arrangement for him. Mr M replied saying he’d seen that Creation had started reapplying interest and charges to his account despite our service saying this should be frozen in the previous complaint we investigated. Mr M also said the screenshots Creation had sent him of the account weren’t account statements and asked for correct statements to be sent. And he said he’d continue with his current payment arrangement as he intended to refer his complaint to us.

Creation sent Mr M their final response letter on 15 March 2023 saying the hold on interest had been removed, but they would reapply this and remove the interest they’d added. Creation offered Mr M £150 for the inconvenience he’d been caused and asked him to provide a financial statement showing his incomings and outgoings so they could help him with a new affordable arrangement.

Our investigator felt Creation’s offer was fair. Mr M said initially that he was happy in principle to accept the £150 but felt that Creation should agree to freeze the interest going forward as agreed by us in the previous complaint. Mr M said he should be allowed to pay down the account balance as shown in April 2023 with nothing further added. And Mr M subsequently said that Creation should increase their offer of £150 to fairly reflect the time and inconvenience this matter had caused him.

As agreement couldn’t be reached, the complaint has been passed to me to decide.

I issued my provisional decision on 17 October 2023, in which I said the following and which forms part of my final decision:

*‘Creation said in their final response letter that they’d reapply the hold on Mr M’s account so no further interest would be charged. However, I asked Creation recently to send me an*

*account statement so I could see the status of Mr M's account and what was still owed. This showed that Creation had again started to reapply interest since they refunded the last amount of interest in March 2023.*

*It seems to me that Creation haven't been particularly helpful in trying to assist Mr M. I say this because on several occasions Mr M contacted Creation about increasing his payments and heard nothing back. And Creation then continued to add on interest from March 2023 despite agreeing to put this on hold.*

*I accept that it's fair for Mr M to show Creation what he can afford to pay them each month, so Creation asking for him to complete a financial statement isn't unreasonable. However, Creation continuing to add interest isn't in my view fair or reasonable bearing in mind we've already previously told them to freeze this (to which Creation agreed).*

*I think the fairest way to resolve this complaint, which will hopefully draw a line for all parties, is for Creation to crystallise the amount Mr M owes as of 15 March 2023 at £1,541.98. That was the date Creation refunded the last set of interest they'd applied and the balance that remained after that. This means that any payments Mr M has made since then should reduce this balance and Creation should rework the account accordingly. Creation should therefore ensure that any interest and charges added since 15 March 2023 are removed and that no further interest is applied effective from that date.*

*I also think Creation's actions have caused Mr M inconvenience and so intend to direct them to pay him £200 to reflect this.*

*Creation should also ensure that Mr M's credit file is updated in line with the above if they intend to report data to the credit reference agencies about this account.*

*Creation can if they wish ask Mr M to complete a financial statement so they can assess his current ability to affordably repay the balance of the account'.*

My provisional decision upheld Mr M's complaint. I asked both parties to send me further evidence and comments to consider.

Mr M and Creation replied saying they agree with my provisional 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.

As both parties agree with my provisional decision, my final decision is that I uphold Mr M's complaint for the same reasons I gave in my provisional decision which I have set out in the preceding section.

### **Putting things right**

Creation needs to crystallise the amount Mr M owes on the account as of 15 March 2023 at £1,541.98. That was the date Creation refunded the last set of interest they'd applied and the balance that remained after that. This means that any payments Mr M has made since then should reduce this balance and Creation should rework the account accordingly. Creation should therefore ensure that any interest and charges added since 15 March 2023 are removed and that no further interest is applied effective from that date.

Creation should ensure that Mr M's credit file is updated in line with the above if they intend to report data to the credit reference agencies about this account.

Creation should pay Mr M £200 for the inconvenience this matter has caused him.

**My final decision**

I uphold this complaint and direct Creation Consumer Finance Ltd to take the action I've described in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 December 2023.

Daniel Picken  
**Ombudsman**