

The complaint

Mr P complains that he was mis sold a finance agreement with Creation Consumer Finance Ltd. He says he was advised by the salesperson that the agreement was a Buy Now Pay Later Agreement whereas it was an Interest Free Credit Agreement.

What happened

In February 2023 Mr P purchased a new laptop from a retailer and entered into a finance agreement with Creation.

The agreement was a 24 month Interest Free Credit Agreement with payment via direct debit. The first payment was due on 28 March 2023.

Mr P has said that he understood the agreement to be a Buy Now Pay Later Agreement with an interest free period of 24 months. He wasn't expecting to have to make any payments for two years and says this was how the agreement was explained to him by the salesperson.

Mr P received a notification of an impending direct debit payment for March 2023. He contacted Creation and complained that the agreement had been mis-sold. The agent from creation advised Mr P to speak to the retailer to see if the agreement could be amended.

Mr P raised a complaint. He was unhappy that he'd been mis-sold the agreement.

Mr P made a card payment on 24 March 2023 of £20.79, which was equivalent to the contractual minimum payment. The March direct debit couldn't be collected on 28 March 2023 and was returned unpaid. As a result of the missed payment, Mr P's account went into arrears.

Mr P contacted Creation. He was unhappy about the wait time to be transferred to the customer support team and was concerned about the negative impact on his credit file as a result of the missed payment. The customer support agent placed a payment break on the account for the April payment with payments to resume in May 2023.

The retailer subsequently cancelled the agreement and Mr P's manual payment of £20.79 made on 24 March 2023 was refunded.

Creation upheld the complaint. It said that because Mr P had shown a clear intention to pay a sum equivalent to the contractual monthly payment, it would remove any detrimental information reported to the credit reference agencies. It acknowledged that Mr P had been waiting a long time before being able to speak to customer support when he called and apologised for this, explaining that the lines had been very busy.

Mr P remained unhappy and complained to this service.

Following the referral of the complaint to this service, Creation said that Mr P had been provided with pre-contractual information which made it clear what type of agreement it was. It said it had removed any negative credit file impact for the missed payment in March 2023 and wanted to offer compensation of £25 for the long call wait time Mr P had experienced.

Our investigator upheld the complaint. She said it was clear that Mr P had intended to make a payment towards the agreement, and she thought Creation had done the right thing by removing the missed payment from his credit file. The investigator also said that the offer of compensation for the long call wait time was fair.

Mr P didn't agree. He said he'd been mis-sold the agreement.

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.

I've reviewed the agreement that Mr P signed. It clearly states that it is a Your Plan agreement, which is an interest free credit agreement.

I appreciate that this isn't the type of agreement that Mr P was expecting to enter. He's said that the salesperson at the retailer told him that he wouldn't have to pay anything for two years.

There aren't any notes of the discussions between Mr P and the salesperson, and I wasn't present, so I can't be certain of exactly what was discussed. In these circumstances, the best evidence of what was agreed can be gained by looking at the contemporaneous documents. In this case, that's the pre contract information and the agreement. I've reviewed these documents - which have been signed by Mr P to say he agrees with the terms and conditions - and I'm of the view that the nature of the agreement was made clear. There isn't enough evidence for me to fairly conclude that the agreement was misrepresented or mis-sold.

Mr P has said that he's worried about the impact on his credit file as a result of the missed payment in March 2023. I can see that Creation has taken the view that Mr P intended to pay, and it has said that it will make sure that no negative information is reported to the credit reference agencies in relation to that missed payment. I think this is a fair resolution to this aspect of Mr P's complaint.

I understand Mr P's frustration at having to wait a long time before he could speak to customer support. I can see that Mr P waited over an hour. I appreciate that this would've been difficult for Mr P and I've thought about the impact that this had on him. Fortunately, he was able to resolve things on the call when he was put through. On balance, I think the offer of compensation from Creation is fair and I won't be asking it to do anything further.

Putting things right

For the reasons I've explained I partially uphold the complaint. There isn't enough evidence for me to say that the agreement was mis-sold. But the call wait times were too long and I'm of the view that Creation should pay compensation of £25.

My final decision

I partially uphold the complaint. Creation Consumer Finance Ltd must pay compensation of £25 to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 February 2024.

Emma Davy
Ombudsman