

The complaint

Mr P complains Creation Financial Services Limited (“Creation”) closed his credit card account without explanation. And that Creation didn’t refund its annual fee, accrued reward points, and a free overnight’s stay voucher for an affiliated third-party business.

Mr P says Creation should pay him compensation for the distress and inconvenience its caused.

What happened

When using his Creation card and account, Mr P would earn points - in line with the terms of the account - for a third-party organisation (“H”) who provide hotel services. These reward points would be transferred to Mr P’s account with H by Creation.

In September 2021, Creation informed Mr P it had decided to close his account on 3 December 2021. Unhappy with this, Mr P complained. Creation sent Mr P its final response in January 2022. It didn’t uphold his complaint, and in short made the following key points:

- Under the terms and conditions of the account, Creation can close it by giving Mr P two months’ notice. And the terms also say it can add or remove any services and benefits at any time, and without notice
- The £99 annual fee applied on 21 April 2021 will not be refunded
- Points ceased being transferred to H after notification of the account closure was issued to Mr P
- Free night stay certificates will no longer be issued. As the account closed on 3 December 2021, Creation will no longer be honouring the associated rewards benefits

Unhappy with Creation’s response, Mr P referred his complaint to this service.

One of our Investigator’s looked into the complaint. After several attempts, as they were unable to get the information they needed from Creation, they sent both parties their view on the complaint. Because they had limited information, they recommended the complaint is upheld. And Creation should refund the annual fee on a pro-rata basis, arrange for Mr P to get his accrued points, and get his overnight stay voucher for his H account.

Mr P didn’t agree and felt Creation should do more to put things right. Another of our Investigator’s then looked into Mr P’s complaint. At that point Creation made Mr P an offer to resolve his complaint, this was:

- Refund the unused proportion of the account fees on a pro-rata basis
- Transfer the outstanding H reward points to his account

- Grant the overnight vouchers if Mr P was eligible

Mr P did not agree as he felt Creation should also pay him either £250 or 50,000 H reward points as compensation for the inconvenience and distress it caused him.

Mr P later informed this service he had received the free night certificate and reward points had been applied to his H account. But the points, according to his calculations, fell short by just over 2,000 points. He also pointed out that he hadn't yet received his pro-rata refund of the annual fee.

Creation provided this service with information required to look into the complaint. Our Investigator then sent Mr P their findings on his complaint. In summary, they found:

- In line with the terms and conditions of the account, Creation is entitled to make commercial decisions and close accounts, and it doesn't need to give a reason for this. Creation acted in line with its regulatory obligations, and the terms of the account, when closing it
- Creation is entitled to withdraw benefits at any point in line with the terms and conditions of the account – something Mr P agreed to when opening it
- Creation's offer to refund the annual fee on a pro-rata basis, award the accrued points, and free overnight stay voucher is fair
- The 17,217 reward points its transferred to Mr P's H account represents what was accrued as per his closing statement during the notice period of October 2021 till December 2021
- Creation should pay Mr P £50 due to its lack of communication and delays and the distress and inconvenience this caused him

Mr P felt £50 wasn't enough compensation for the inconvenience and stress he suffered. Mr P also said, and reiterated, that the reward points he was sent fell short by 2,172 as his H app showed he had accrued 19,388 points.

Creation also didn't agree. It did not agree to pay Mr P £50 compensation – as what it had offered, and done so far, was compensation enough.

As neither party agreed, this complaint was passed to me to decide. I then sent both parties my provisional decision and set a deadline for them to make further comments and submit evidence. For ease of reference, here is what I said:

Provisional decision

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information Creation has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr P, but I'd like to reassure him that I have considered everything.

Having done so, I'm planning on upholding this complaint in part. I'll explain why.

Account closure

I understand Mr P is unhappy Creation closed his account. Creation can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Creation has relied on the terms and conditions when closing Mr P's account. I've reviewed the terms and they explain Creation can close an account for any reason by giving 60 days' notice.

Having looked at all the information available to me, including Creation's actions and the information it's provided, I'm satisfied Creation's decision to close Mr P's account was reached legitimately and fairly.

I've reviewed the terms and conditions and circumstances of this complaint, and I'm satisfied Creation acted in line with them, so, it was entitled to close the account as it has already done. Creation have provided Mr P with the full notice period, so I can't say Creation have acted unfairly in taking the actions it did. 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.

Mr P has said he wants an explanation of why Creations took the actions it did. But I'm not aware of any obligation that Creation is under to do so.

Annual fee, overnight stay voucher and reward points

Mr P accepts that a pro-rata refund of his annual fee, and provision of the overnight stay voucher he had realised before the notice of closure, was fair redress. As I understand it, Mr P has received both from Creation.

That brings me onto one of the two key points of Mr P's complaint. That is Creation hasn't transferred the correct number of reward points he had accrued before the account was closed.

Creation have given me the statements of the account leading up to when it was closed. It's also given me technical information to show what points were accrued during this period. These records show me what H points Mr P had accrued from September 2021 up until December 2021.

Creation explains that where there are refunds on transactions, those points are deducted. Having looked at the statements closely, and the technical records, I'm satisfied Mr P accrued 17,576 reward points during that period. I'm also satisfied that any points accrued prior to this point were already transferred to Mr P's H account.

Mr P has sent in a screenshot he says shows that the last time he logged in to his Creation account he had 19,388 points. But this screenshot of Mr P's Creation account is undated, and it would've been done at a point in time for which I don't know if he had any refunds on transactions or spent any points. But, as I've said, from what I've seen Creation should have sent Mr P 17,576 points.

Our Investigator put it to Creation that its transfer of 17,217 points fell short. Creation agrees that it has made an error. Because of this it will send Mr P a further 360 points to put things right. But it only needs to send Mr P 359 points as this is the shortfall based on what it's already given him against 17,576 points.

But having said that, Mr P has sent me a screenshot which shows he was transferred 12,736 points to his H account on 5 April 2023. And 4,840 points on 3 April 2023. This amounts to 17,576.

It's not clear where this discrepancy has come from. So I think, based on the evidence I've seen, Creation doesn't need to send Mr P any further reward points into his H account. Should Mr P show, and provide compelling evidence, that he received less than 17,576 points, I'd be satisfied Creation should give him any shortfall.

Distress and Inconvenience

Mr P feels he should be paid £250 or 50,000 H reward points for the distress and inconvenience he's suffered because of Creations actions.

Firstly, Creation does not need to pay any such compensation for closing the account in the way it did. That's because, as I've already said, it did nothing wrong here. Our Investigator felt that Creation caused delays and its communication could've been better.

I do accept Creation could've communicated better at times and acted in a timelier way. So I think £50 is fair compensation.

Putting things right

To put things right, Creation Financial Services Limited should:

- *Pay Mr P £50 for the distress and inconvenience he's suffered*
- *Send a further 359 reward points to Mr P's H account if he's able to show he was sent less than 17,576 H reward points"*

The deadline I set for further submissions has now passed. Creation agreed with what I said I was planning to decide. Mr P also said he agreed, but made further points:

- To his knowledge, he has yet to receive the pro-rata refund for his annual fee
- He reluctantly accepts he will not receive further H reward points
- It's now academic as he has been awarded his free night voucher. He had already hit the spending target to be awarded the voucher at the time his account was closed. But Creation refused to send him the voucher for two years, even though he had qualified

I will now decide this complaint.

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, and for the reasons contained in my provisional decision – as above – I have decided to uphold this complaint in part.

Mr P says he doesn't think he's received his pro-rata refund. From the information I've seen I was satisfied he had. But for the sake of completeness, and to ensure a fair settlement is reached on this complaint, I will direct Creation to send evidence to Mr P that it has – and if not, to refund Mr P the fee on a pro-rata basis.

Mr P previously accepted the provision of a free night voucher from H was fair redress. He now says he should've received two vouchers for two years' worth of reward accumulation. I

haven't seen anything to suggest this is the case, and I question why he has only just raised this now. Having considered this point, and considering such vouchers are typically provided when they are earned through the scheme in the corresponding year, I make no further award.

As Mr P has not shown he was sent less than 17,576 H reward points, and as he accepts, albeit reluctantly, I make no direction for Creation to award him any more reward points.

Putting things right

To put things right, Creation must:

- Pay Mr P £50 for the distress and inconvenience he's suffered
- Show Mr P he has received his pro-rata refund of the annual fee. If Creation hasn't done so, it must now refund the annual fee on a pro-rata basis to when the account was closed

My final decision

For the reasons above, I uphold this complaint in part. Creation Financial Services Limited must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 January 2024.

Ketan Nagla

Ombudsman