

The complaint

Ms J complains she was charged interest by Creation Consumer Finance Ltd (Creation).

What happened

On 4 December 2022, Ms J borrowed money from Creation on a Buy Now Pay Later (BNPL) agreement. It was for a washing machine and was completed at the electrical retailer.

The amount borrowed was £1,219 and it was interest free for six months. Ms J had to pay £1,165.55 at the end of six months to avoid interest being charged.

In the event, she didn't make the payment and was charged interest of £137.16. On 20 June 2023, she paid £1,166.55, having called Creation on that day.

Ms J complained. She said she had tried to make an online payment earlier than the due date but she had missed any email reminders that had come from Creation. She also has several physical and mental issues which led her to be unable to cope with matters.

She says she found the staff at Creation to be unhelpful and unbending and they had no sympathy for her situation – they didn't appreciate her circumstances.

Creation said Ms J must pay the interest and didn't uphold her complaint. The firm said:

- The interest free period ended on 4 June 2023 and under the terms of the agreement, interest started on 5 June 2023.
- If Ms J had problems logging onto her account (to make payment) she should've contacted the firm – but she didn't.
- The firm emailed reminders to Ms J on 2 February 2023, 2 March 2023 and 4 April 2023 – to say the interest-free period ended on 4 June 2023.
- Ms J had signed the credit agreement and its terms and conditions.
- Creation said the service provide on the phone was satisfactory.

Ms J brought her complaint to us. Our investigator didn't uphold it. She said what happened was in line with the credit agreement signed by Ms J – the interest free period came to an end. Ms J had been sent reminders that was to happen.

It wasn't clear that Ms J's health issues could've prevented her from making the payment.

Ms J asked that an ombudsman look at her complaint. She gave further details of her physical and mental health condition. She repeated that Creation had been unbending and uncaring.

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 looked the credit agreement signed by Ms J on 4 December 2022 and it is clear – there was interest-free borrowing for six months. And it said that if she didn't pay off the cash price by 4 June 2023, then interest would start to be charged.

Creation also told us they sent email reminders to Ms J to say the interest free period was coming to an end. I asked to see these and they showed evidence that reminders were sent in April 2023 and May 2023. And in her complaint, Ms J doesn't claim the reminders weren't sent – but says she missed them.

So – it's reasonable to say that Creation acted fairly in doing that.

Ms J argues she didn't take note of the reminders due to her mental and physical health issues, and I considered this. We asked Creation if they were aware of these - and they showed us that Ms J advised them of her condition in January 2024, which was some time after what happened. In all fairness, I can't expect Creation to take her circumstances into account if the firm weren't aware of them – and there's no evidence to suggest they were.

I then considered the direct debit mandate signed by Ms J. I asked Creation why this didn't take the cash price settlement in June 2023. Of course that would have ensured no interest was charged. They told us (and showed evidence) that the direct debit was set up to start in July 2023 and to take the monthly payments due then and after that. There wasn't an agreement for the full balance to be taken in June 2023 when the interest free period ended.

I asked for the call made by Ms J – as she's said the firm were uncaring and inflexible. I asked to listen to the call, but in this case Creation said they don't have it – as they delete calls after a period. While that is frustrating, I don't think the call is likely, on balance, to change the outcome of this complaint.

I can see that Ms J feels strongly about her complaint and appreciate she's gone through a difficult time personally, but having reviewed her complaint in detail, I'm not upholding it.

(continued)

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or

reject my decision before 10 September 2024.

Martin Lord
Ombudsman