

## The complaint

In summary, Mr P complains that Creation Consumer Finance Ltd, charged him an incorrect monthly payment on his credit agreement. He also says it set out an incorrect payment date on the agreement, which caused payments to be made late. In addition, he has said that he was given two different payment figures which couldn't be correct.

## What happened

I've set out below a summary of what I consider to be the relevant facts and events in respect of Mr P's complaint.

In 2018 Mr P made a purchase from an electrical store using a credit facility provided by Creation, which had a credit limit of £2,000. Statements were generated for Mr P's account. The cash price was £719 and monthly payments of £37.45 were to be made over 24 months. In line with the terms of the agreement, that borrowing was paid off in December 2020.

In May 2022, Mr P made another purchase using the credit facility which cost £1,973 inclusive of a £5 delivery charge. The items purchased were a PC and a PlayStation. Monthly payments of £75.80 were to be made over 36 months, with the first repayment date being 28 June 2022. Before any payments had been made, at the beginning of June 2022, Mr P returned a computer and £1,299 was refunded to his account. The electrical store confirmed safe receipt of the PC returned by Mr P, on 7 June 2022.

The finance agreement was amended to account for the returned goods, reducing the total amount financed by £1,299. Therefore, Mr P's revised statement balance was £674 (accounting for the PlayStation and the £5 delivery charge.) With interest added to this figure the total cost was £940.32. The revised monthly payment for the PlayStation was £26.12.

Shortly after this, Mr P disputed the amount of the amended monthly payments and cancelled the direct debit. He made an indemnity claim in respect of the first payment of £26.12 that was paid to Creation. Mr P explained his concerns about the monthly amounts that he had been asked to pay. He also provided screenshots and a receipt from the merchant for the credit payments he would have to pay, that I have summarised above.

Mr P also sent a copy of the e-mail from the merchant that confirmed a credit refund to his account of £1,299 on 8 June 2022. In addition, he provided copy letters from Creation in relation to his overdue payments. The letter of 28 July 2022 explained that £26.60 was overdue. The letters of 21 and 29 July then explained that £56.12 was overdue.

Mr P raised a complaint with Creation. It responded to his concerns on 28 September 2022. It explained how the figures were calculated after the refund had been made and why the payment date remained the same.

When Mr P brought his complaint to this service, he explained in summary, that the PlayStation was to be paid at £25.70 a month and the PC at £49.90 a month, a total before

delivery of £75.60 a month. With delivery included this would be £75.80 a month. He was concerned to see a request for a payment of £110.98 a month. He believed that with delivery of 20p a month on the PlayStation the monthly payment should be £25.90, rather than the £26.12 that Creation requested. He said he had only asked for the 22p to be recalled in respect of the direct debit, and he questioned why £26.60 had been requested.

One of our investigators looked into Mr P's concerns and explained why they didn't think Creation had done anything wrong. Mr P disagreed with what they said and asked for an ombudsman to review the complaint. The case was passed to me for review. I asked an investigator to request further information from Mr P and Creation. Mr P explained that he had provided the information that he had. He subsequently forwarded e-mails he had received from the merchant.

I issued a provisional decision on 15 August 2023, explaining why I currently thought the complaint shouldn't be upheld. In my findings I said:

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

*I'm sorry that this issue has caused Mr P much distress. I have asked Creation for more information about how the monthly charge had been calculated and the payment date it has used.*

*So, before I issue a final decision on Mr P's case, I wanted to explain my current thinking in relation to his concerns; considering all of the information I've been provided with.*

*In reaching my findings, I haven't commented on every point of concern Mr P has raised. I don't intend to offend him by not doing so or mean any disrespect in taking this approach. And this reflects the informal nature of this service. Instead, I've focussed on the key issues I think I need to consider, in deciding on whether Creation did anything wrong in respect of the concerns Mr P has raised.*

*Mr P questioned the payment due date and thinks it is a different date to what the business had told him it would be. I've considered the running account credit agreement he signed back in December 2018. This explains on the first page, that the agreement has no fixed term and would continue until it was ended by Mr P or Creation. It goes on to explain that Creation would provide credit each time he used the agreement to make payment for any goods and services he bought from retailers it deals with. So, I'm satisfied this was an ongoing account which could be used to purchase goods on an ongoing basis.*

*Section 3 of that agreement deals with repayments. This explains that Creation will send a statement each month on a date it decides, and that each statement will show the date on which repayment will be made. It goes on to say that punctual payment of the total amount shown in the statement was an essential term of the agreement, and that statements would be sent to Mr P to view online, with notification provided by e-mail.*

*I've looked at the copy statements provided by Creation in respect of Mr P's account. These all show the payment date as being the 28<sup>th</sup> of the month. It appears from the records provided by Creation that statements from June 2022 hadn't been opened on Mr P's online account. As I've explained above, I'm satisfied Mr P was provided with information that informed him when the payments on his account were due. And I don't think Creation has treated him unfairly by requesting payment on the date that it has.*

*I've also thought about Mr P's concerns regarding the amount of the revised monthly payment he was asked to make. Mr P has explained why he thinks it is incorrect and doesn't*

*properly take into account the refund for the item he returned and the delivery charge. He thinks the monthly repayment figure should be £25.90 a month.*

*I've thought about what Mr P has said, and the explanation and information provided by Creation. Mr P has referred to screenshots from when he was applying for the products on the merchant's website. In particular he has referred to evidence 1 which he says shows a payment figure of 25.90. However, that screen shows a balance of £669 and doesn't appear to include the cost of the delivery charge. Another screen shot he provided did show a balance of £674 for the PlayStation and a monthly payment of £26.12. This suggests to me that Mr P was provided with information that showed what the monthly payment would be for the PlayStation on its own, including the delivery charge.*

*Creation has explained that the refund of £1,299 was applied on 8 June 2022. So, this wouldn't have appeared on the June statement which was dated 7 June 2022. It says this was why the monthly payment for June was higher as the refund hadn't been received at that point. That is shown on the statement provided by Creation.*

*It has also explained how the subsequent monthly payment of £26.12 was calculated. It's referred to the subsequent July statement that I have also seen. The payment was calculated by using the cash price for the PlayStation and the delivery charge that came to £674. I don't think it was inappropriate for it to have included the delivery charge. It seems to me that the delivery charge would still apply irrespective of whether one item had been returned.*

*Interest was then applied to cash price of the goods (£674). The total cost including interest of £940.32, was then divided by the term of the agreement which was 36 months. This results in a monthly payment of £26.12. It doesn't appear to me that the basis on which it has calculated the monthly payment is unreasonable.*

*I've also thought about Mr P's query about being asked for a payment of £26.60 and his being charged an additional 48 pence. The terms and conditions provide in section 13 for further charges to be applied in respect of missing payments. Mr P made an indemnity claim for the direct debit when he didn't agree with the payment amount requested by Creation. I can see from the August statement that arrears interest of 48 pence was applied. Also, the letter Mr P received on 28 July 2022 asking for that payment amount does explain that it is a request regarding outstanding arrears. I am satisfied this explains why Mr P received a request for a payment of £26.60.*

*It's clear to me from what Mr P has said, that he strongly believes Creation has asked him for an incorrect payment amount. And I'm sorry to hear how this dispute with Creation has caused him a great deal of distress. But for the reasons I've explained above, I don't currently think Creation has done anything wrong. I understand that this isn't the answer Mr P is hoping for, but I simply haven't seen sufficient evidence that shows Creation has calculated the monthly payment incorrectly, or requested payment on the wrong date."*

*I asked for any further comments or evidence to be provided by 29 August 2023. Creation said it accepted my provisional decision.*

*Mr P sent me several responses. In summary he said:*

- *He admitted that he had never signed into his account but hadn't felt the need to. He opened e-mails which he said told him the amount to be paid and when it was due.*
- *He appreciated he had sent two screenshots in respect of the PlayStation which showed different amounts. He said it would be fair to assume the figure of £674 was*

the £5 delivery charge on top, but nowhere was it stated that it was. The only evidence he sent showing delivery was included, was for the original amount of £75.80 per month.

- Even if it was the delivery on top as it seemed reasonable that it should be, he still didn't understand how that would increase the monthly amount from the £25.90 he felt he should pay, to the £26.12 that Creation had asked for. He said the PlayStation was to be repaid at £25.70. The original cost of delivery was to be repaid at £0.20 a month. He explained this could be worked out by adding the PlayStation at £25.70 with the PC at £49.90, to bring the total before delivery at £75.60. The total amount however came to £75.80; this was because delivery was added on top, making delivery £0.20p. Mr P has said this amount simply would not change to bring the total up to £26.12 just because one item was returned. He said the calculation wasn't £1,973 + £5. It was £669 (PS) + £1,299 (PC) = £1,968, then it is plus £5 to make it the £1,973 in total.
- He reiterated why and how he had calculated what he thought was the correct monthly figure of £25.90. And he said the figure of £110.98 before he sent the PC back was wrong, which he thought I didn't consider was an issue.
- He said he didn't sign into his account for the original order way back in 2018, and that got fully paid off with no hassle.
- He said he did have to sign into his account to be able to place the order on it via the electrical store's website. He thought any information that would have been different should have been displayed there. He said it was misleading otherwise for him to believe he was signing up to one thing when it will actually be another. Had he known that perhaps it was a different date (also not changed when signing in) he may not have been able to pay it that day, so he still felt the date should be relevant to the case). But he was more concerned with the price. He said he would definitely never have made the order if all this information was available to him on the order screen.

It was clear to me from Mr P's responses to my provisional decision, that he still had concerns about the monthly figures he had originally been provided with. So, in order to try and provide him with some reassurance, I wrote to Creation again, asking for an explanation and breakdown as to how the two figures of £75.80 and £110.98 had been calculated; and why there were two different payment figures for the same amount of credit.

In its response, Creation explained that the next payment amount (£110.98) shown on the June statement was calculated incorrectly due to a known system issue. It said as it was the first direct debit payment on the credit agreement, its systems had calculated and taken into consideration additional interest charges up to one month in advance, based on the original monthly payment of £75.80. It apologised for providing the wrong information on the statement. Creation offered Mr P £80 compensation for the inconvenience and upset he had been caused by this mistake.

I then wrote to Creation explaining my surprise that this information hadn't been provided when Mr P first made his complaint to this service. I went on to explain that I didn't think the £80 Creation had offered was sufficient to compensate Mr P for the distress and inconvenience he had been caused, and I explained why I thought a figure of £400 was more appropriate.

Mr P was provided with copies of this correspondence with Creation. In response to my letter, Creation explained that it partially agreed with what I had said. It acknowledged that it had taken longer for the case to close. It thought the proposed award of £400 was high as the direct debit on the statement didn't have a financial impact on Mr P. Creation said the

direct debit amount it had requested was correct. It believed a figure of £200 was a more reasonable compensation figure.

### **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.

For the avoidance of any doubt, although I have provided a summary of Mr P's and Creation's submissions and responses to my provisional decision; I have considered all of the information they have provided me with.

Having done so, I remain of the opinion that the substantive element Mr P's complaint about the revised payment figure shouldn't be upheld. But in light of the further information provided to me by Creation after I issued my provisional decision, I do think that part of Mr P's complaint should be upheld regarding the different payment figures, Creation gave to him on the June 2022 statement. I've set out my reasoning below.

In reaching my findings, I haven't commented on every point of concern Mr P has raised. I don't intend to offend him by not doing so or mean any disrespect in taking this approach. This reflects the informal nature of this service. Instead, I've focussed on the key issues I think I need to consider, in deciding on whether Creation did anything wrong in respect of the concerns Mr P has raised; and in particular the calculation of the revised monthly payment he was asked to pay.

Mr P questioned the payment due date and thinks it is a different date to what the business had told him it would be. And in his response to my provisional decision, he's said that the information he was given about the payment date was misleading. In respect of this point, I've considered the running account credit agreement Mr P signed back in December 2018. This explains on the first page, that the agreement has no fixed term and would continue until it was ended by Mr P or Creation. It goes on to explain that Creation would provide credit each time he used the agreement to make payment for any goods and services he bought from retailers it deals with. So, I'm satisfied this was an ongoing account which could be used to purchase goods on a continuing basis.

Section 3 of that agreement deals with repayments. I've considered this section which explains that Creation will send a statement each month on a date it decides, and that each statement will show the date on which repayment will be made. It goes on to say that punctual payment of the total amount shown in the statement was an essential term of the agreement, and that statements would be sent to view online, with notification provided by e-mail.

I've also looked at the copy statements provided by Creation in respect of Mr P's account. These all show the payment date as being the 28<sup>th</sup> of the month. In addition, one of the screenshots Mr P provided shows the payments of £26.12 for the PlayStation with payments commencing on 28 June 2022. So, I'm satisfied that the agreement Mr P entered into with Creation, together with the statements it sent him, and the information provided to him during the purchase process, all provided him with the information as to when the payments in respect of the finance agreement needed to be made. And I've not seen sufficient evidence that Mr P made a request to Creation that the payment date be changed to a different date when he purchased the PlayStation. And even if he had, I haven't seen sufficient evidence that the monthly payment date of the 28<sup>th</sup> has caused him a financial loss.

It appears from the records provided by Creation that statements from June 2022 hadn't been opened on Mr P's online account. And Mr P has accepted that he didn't sign into his account as he didn't feel the need to do so. The records provided by Creation show statements from June 2022 as being unopened. But the statements prior to June 2022 show payments were made on the 28<sup>th</sup> of the month. And Mr P has said he was provided with e-mails and copies of the statements that he did review. So, I think this indicates that Mr P was aware that he was used to that as a repayment date in respect of the previous purchase he had made using the finance agreement.

As I've explained above, I'm satisfied Mr P was provided with information that informed him when the payments on his account were due. And for the reasons I've set out above, I don't think Creation has treated him unfairly by requesting payment on the date that it has, and I'm not persuaded from the evidence I've seen that the information it provided to Mr P was misleading.

I've also thought about Mr P's concerns regarding the amount of the revised monthly payment he was asked to make. Mr P has explained why he thinks it is incorrect and doesn't properly take into account the refund for the item he returned and the delivery charge. He thinks the monthly repayment figure should be £25.90 a month, as he believes the original cost of the delivery was 20 pence a month. And he thinks this should have been added to the cost of the PlayStation without delivery which amounted to £25.70 a month. He has reiterated his concerns again in his responses to my provisional decision.

I've thought about what Mr P has said, and the explanation and information provided by Creation. Mr P has referred to screenshots from when he was applying for the products on the merchant's website. In particular he has referred to a screenshot which he says shows a payment figure of £25.90. However, that screenshot shows a balance of £669 and doesn't appear to include the cost of the delivery charge. Another screen shot he provided did show a balance of £674 for the PlayStation and a monthly payment of £26.12. This suggests to me that Mr P was provided with information that showed what the monthly payment would be for the PlayStation on its own including delivery.

Creation has explained how the revised monthly payment of £26.12 was calculated. It's referred to the July statement that I have also seen. The payment was calculated by using the cash price for the PlayStation and the delivery charge that came to £674. I think it was appropriate for it to have included the delivery charge. It seems to me that the delivery charge would still apply irrespective of whether one item had been returned. Although Mr P says it wasn't explicitly set out on the information he was provided with, I think from what he's said, he was aware that a delivery charge had been added. Interest charges of £266.32 was then applied to the cash price of the goods (£674). The total cost including interest of £940.32, was then divided by the term of the agreement which was 36 months. This resulted in a monthly payment of £26.12. And Creation has explained that the statements show the interest charges applied towards the current balance each month, which was £19.21 for July 2022, and that interest charges were only applied at the end of the month.

I understand from the explanation Mr P's given, why he believes the cost of the delivery charge should be a flat 20 pence. I think however the basis on which Creation has calculated the monthly payment figure of £26.12 that I have summarised above, is logical and reasonable. I say this because it takes into account the impact of the refund and calculates interest on the revised balance on the account in respect of the PlayStation, including the delivery charge. That is then divided by the number of months of the term of the agreement to reach the monthly repayment figure. I've not seen sufficient evidence that persuades me that the basis of the calculation or the figures used are incorrect. So, I remain satisfied that the revised figure of £26.12 Mr P was asked to pay is correct.

I've also thought about Mr P's query about being asked for a payment of £26.60, and his being charged an additional 48 pence. The terms and conditions provide in section 13, for further charges to be applied in respect of missing payments. Mr P made an indemnity claim for the direct debit when he didn't agree with the payment amount requested by Creation. I can see from the August statement that arrears interest of 48 pence was applied. Also, the letter Mr P received on 28 July 2022, asking for that payment amount, does explain that it is a request regarding outstanding arrears. I remain satisfied this explains why Mr P received a request for a payment of £26.60.

In his responses to my provisional decision, Mr P said the calculation for the items he purchased wasn't £1,973 + £5. It was £669 (PS) + £1,299 (PC) = £1968, then it is plus £5 to make it the £1,973 in total, not the way he said I had done it. For the avoidance of any doubt, I agree with Mr P that the figure of £1,973 includes the £5 delivery charge.

As I've explained above, it's also clear to me from Mr P's responses to my provisional decision, that he remained concerned about the different monthly figures of £75.80 and £110.98 that appeared on the June 2022 statement. I had originally asked Creation for an explanation back in July 2023. And the response it provided back in August 2023, suggested that the figures on the June 2022 statement were correct, but didn't explain how those figures had been calculated.

In its most recent response to my further question about how those figures were calculated, Creation explained that the next payment amount on the June 2022 statement was calculated incorrectly due to a known system issue. It offered Mr P £80 compensation for the inconvenience and upset he had been caused by this mistake. I've thought about Creation's response to my letter, and its suggestion that a figure of £200 would be more appropriate to compensate Mr P for the distress and inconvenience he incurred as a result of its mistake. I don't understand why if the system issue Creation has now said caused the incorrect figures to be produced, was a known issue, this information wasn't provided to this service when the complaint was originally raised. Mr P had clearly referred to these figures on the complaint form Creation was provided with. And when I asked for an explanation back in July 2023, I was clearly given incorrect information.

Mr P's concerns about the figures on the June 2022 statement appears to have been justified. I think if this information had been provided to Mr P when he raised his concerns, this could have prevented him from suffering distress and inconvenience, for the period of time since he raised his concerns about the figures, to date. As a result, I am not satisfied that the figure of £80 compensation Creation has offered, or its revised offer of £200 for providing this incorrect information, is adequate.

Creation has acknowledged that its mistake has resulted in the case taking longer to close. And it has argued that the mistake hasn't resulted in Mr P suffering a direct financial loss. But it is over a year since Mr P raised his concerns. I accept from what he has said that this has been an important issue for him. And whilst I also accept that the mistake hasn't caused Mr P a direct financial loss, as the revised payment figure he was asked to pay was correct; I am satisfied that as a result of Creation not having provided correct information sooner, this has had a significant mental impact on Mr P over a considerable period of time. Mr P's concerns about the figures in the June 2022 statement led him in part to doubt the accuracy of the revised payment figure he was asked to pay. And his concerns and anxiety could have been avoided if Creation had clarified and explained that there had been a system error regarding the payment figures shown on the June 2022 statement. As a result, I remain of the opinion that a figure of £400 is an appropriate figure to compensate Mr P for the distress and inconvenience caused by Creation's mistake.

It's clear to me from what Mr P has said, that he strongly believes Creation has asked him for an incorrect payment amount. But his concerns stem primarily from how he thinks the delivery charge has been calculated and applied in respect of the revised monthly payment figure, after the PC had been returned. And notwithstanding that Creation has acknowledged that the next payment amount figure on the June statement was wrong, for the reasons I've explained above, I don't think Creation has done anything wrong in the way it has calculated the revised payment figure of £26.12. I understand that this isn't the answer Mr P is hoping for, but I simply haven't seen sufficient evidence that shows Creation has calculated the monthly payment incorrectly or requested payment on the wrong date.

### **My final decision**

For the reasons I've set out above, I've decided to uphold Mr P's complaint in part. If Mr P accepts my decision, I direct Creation Consumer Finance Ltd, to pay Mr P £400 for the distress and inconvenience he has been caused as a result of Creation's mistake.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 March 2024.

Simon Dibble  
**Ombudsman**