

The complaint

Mr S complains that Creation Financial Services Limited closed his account without notice and didn't credit him benefits he'd earned. He's also unhappy with an overlimit charge they applied.

What happened

Mr S had a premium club credit card account with Creation. This charged an annual fee, and the ability to earn reward points which could be redeemed for hotel stays or experiences, and if £10,000 was spent a free night stay hotel voucher.

On 28 September 2021 Creation sent Mr S a letter informing him that his account was going to be closed in 60 days. Creation then decided to close Mr S's account with immediate effect on 1 October 2021.

Creation refused to credit Mr S with the 18,854 points he accrued during the last statement period, refund his annual fee or credit his free night stay hotel voucher.

Mr S complained to Creation about several issues, including:

- They didn't notify him that his account was going to be closed immediately
- They failed to credit his points, his free night stay voucher or refund the annual fee
- He wasn't correctly credited his 0.5% cashback earned during July and August 2021
- On 26 July 2021 he was unfairly charged a £12 default fee

Creation didn't uphold his complaint. They thought they'd acted fairly in closing his account without notice, not crediting the points and the free night stay hotel voucher and withholding the annual fee.

Mr S wasn't satisfied with Creation's response so complained to our service.

One of our Investigators looked into Mr S's complaint.

Our investigator thought Creation acted fairly in closing Mr S's account without notice, and failing to award him the points from the last statement period. However, they thought Creation didn't act fairly in failing to refund the unused portion of the annual fee.

Creation accepted, and agreed to pay Mr S £71.61.

Mr S didn't agree, and in summary said the view didn't address:

- Why the free night stay hotel voucher wasn't credited
- The 0.5% cashback

- The £12 fee that shouldn't have been charged
- The poor service he received

As Mr S didn't agree the case was passed to me to decide.

On reviewing Mr S's case I reached a similar outcome to our Investigator but expanded on the reasoning.

Creation agreed, but Mr S didn't. In summary he said:

- Why isn't he receiving interest and compensation for the inconvenience caused in not receiving his annual fee refund at the time?
- Why isn't he receiving compensation for the account closure?
- Why isn't he getting his points or free night voucher? The terms and conditions don't allow Creation to not credit these.
- He's not sure a set of terms and conditions were included in the 0.5% cashback offer he received.
- Even if the terms and conditions were included he argues that certain transactions shouldn't be treated as cash advances – they didn't have cash advance fees for example. And his transactions weren't for balance transfers or gambling.

As Mr S didn't agree I've proceeded to reconsider my conclusions.

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.

In my Provisional decision I said:

Annual Fee

I haven't considered the return of the annual fee as both Creation and Mr S agree with the resolution recommended by our Investigator on this.

Account closure, points and free night stay hotel voucher

Our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Creation has provided is information that we considered should be kept confidential.

Creation can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Creation have relied on the terms and conditions when closing Mr S's account. The terms explain that the bank can close an account without notice in certain specific circumstances. I've considered the full circumstances of this complaint and I agree Creation were entitled to close the account without giving notice.

I've also considered the withholding of Mr S's points, for the last statement period, and the free night stay hotel voucher. I understand this will disappoint Mr S, but I'm satisfied Creation

acted fairly and within the terms and conditions when failing to credit the points or award the free night stay hotel voucher.

I've considered whether Creation notified Mr S of the immediate closure of his Creation account, but I don't think they did. Mr S agrees he received a letter from Creation notifying him of the closure of his account in 60 days' from 28 September 2021. Creation have shared a copy of a letter sent to Mr S to notify him of the immediate account closure – however having reviewed this I can see it was dated 30 November 2021. So I can't fairly say Creation notified Mr S of the immediate closure.

Mr S has also mentioned that after the account was closed he attempted to get in contact with Creation, but they didn't respond. I can see Creation have accepted that they had long delays on their phone lines at the time. And I agree this would have caused Mr S inconvenience.

But it doesn't follow that I must award Mr S compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr S's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome. After considering what Mr S has said and the Creation's actions, I don't find awarding Mr S compensation would be fair or appropriate.

Default fee

Mr S argues that he shouldn't have been charged a default fee of £12 on 27 July 2021. I've considered what Mr S has said and I can see he made a payment towards his account on 22 July 2021. However, I've reviewed the clearing times for payments – from Mr S's statement. These state that a customer needs to 'Allow five working days for the payment to reach us'. It follows I can't say it's unfair that Mr S's payment didn't credit his balance until 26 July 2021. And therefore Creation acted fairly in applying a £12 default fee for Mr S exceeding his credit limit.

0.5% Cashback

Mr S was given a promotional offer to earn 0.5% cashback during July and August 2021. But he's argued he hasn't been paid the cashback he should have received for the purchases he carried out during the timeframe.

I've considered what Mr S has said but I'm afraid I think Creation have acted fairly here. I've seen a copy of the offer terms and conditions which details the transactions included.

The offer says:

'For standard purchases made between 1 July 2021 and 29 August 2021 you will earn 0.5% Cashback ... (sic)

Certain transactions aren't eligible for cashback. These include balance transfers, cash advances and gambling'.

Creation have advised that Mr S spent £20,724 on standard purchases, and earned £103.62 cashback which was credited to him on 15 October 2021. From the evidence I've seen I can't say Creation have applied the terms and conditions of the offer unfairly.

I've considered Mr S's response to my Provisional decision below.

Mr S has asked to be compensated 8% interest on the pro-rata annual fee refund. To award 8%, I'd need to be satisfied that Mr S lost out by not having his pro-rata refund returned sooner. But, on balance, I can't say this is the case. It follows, I think returning the fee is a fair resolution and I won't be awarding 8% interest.

Mr S has also queried why he's not receiving compensation for Creation's failure to notify him that his account would be closed immediately. I'm afraid I won't be changing the conclusion I reached in my Provisional decision. I'm satisfied I've taken into account what Mr S's said and Creation's actions and having done so I don't find awarding compensation to Mr S fair or appropriate.

Mr S has argued that he doesn't think the terms and conditions were included in the offer he received from Creation. I've seen a copy of the offer from Creation, and the terms and conditions attached. I'm satisfied, on balance, that the terms and conditions were included in Mr S's offer. Mr S has also argued that he doesn't believe the transactions he carried out were excluded as the majority of his transactions weren't balance transfers or for gambling.

The terms and conditions for the offer state '*certain transactions are not eligible for Cashback, these include Balance Transfers, Cash Advances and Gambling*'.

Creation have advised that any transaction carried out via a third party payment card, I'll call C, also weren't included in the offer.

I can see Mr S was credited £103.62 on 15 October 2021 – this was on an eligible spend of £20,724 minus any refunds credited. I've reviewed Mr S's transactions during the offer period – and those which Creation argue were eligible. Having done so I'm satisfied that Creation applied the offer fairly, and awarded him cashback for all eligible transactions.

I understand this will disappoint Mr S but for the reasons I've outlined above I won't be changing the conclusions I reached in my Provisional decision.

Putting things right

Creation should refund the annual fee on a pro rata basis to Mr S – a total of £71.61.

My final decision

My final decision is I partly uphold this complaint and direct Creation Financial Services Limited to:

- Pay Mr S £71.61

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 April 2024.

Jeff Burch
Ombudsman