

The complaint

Mr J complains that Creation Consumer Finance Ltd trading as Creation (“Creation”) incorrectly put his account into arrears.

What happened

Mr J took out credit with Creation to finance the purchase of a kitchen. The purchase was on a buy now pay later scheme – if he repaid the full amount he borrowed within 12 months then he wouldn’t be charged interest. Mr J says that a repayment wasn’t due until May 2024, but when he checked his account in February 2024, it said that he was in arrears, which he didn’t think was right.

Mr J contacted Creation, who said it would get back to him within five working days, but this didn’t happen. He then received two letters from Creation – one saying he was in arrears by £0 and another stating that he had been charged a late payment fee. He said he found both of these letters distressing as he hadn’t ever missed a payment before. Mr J says he’s had to contact Creation multiple times to resolve the matter.

Creation responded to Mr J’s complaint and agreed it had made a mistake in reporting Mr J’s account as in arrears. It said it had now rectified the matter and agreed to remove any adverse information from Mr J’s credit file. It also paid £150 to Mr J’s account for any distress and inconvenience the matter caused. Creation also removed the late fee from the account.

Mr J remained unhappy with Creations response, he said he contacted it again and it paid him an additional £100.

The Investigator considered what both parties had said but they didn’t uphold Mr J’s complaint. They accepted that Creation had made a mistake in saying his account was in arrears, and charging a late fee, but the Investigator felt that Creation had done enough to put things right.

Mr J didn’t agree with the Investigator’s view. He felt that an award of between £300-£750 would be more appropriate.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide on the matter.

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 considered everything available to me, I won’t be upholding Mr J’s complaint.

Where a firm, like Creation, has done something wrong, I’d expect it to put things right as far as it reasonably could.

In this case, I don't think it's in dispute that Creation made a mistake in saying Mr J's account was in arrears, which resulted in two letters being incorrectly sent to him, incurring a fee, and potential impact to his credit file. As the facts of this case aren't in dispute, what is left for me to decide is if Creation has done enough to put things right for Mr J, and I think it has.

Creation has removed the arrears from the account and refunded the £30 late fee it charged. So, I'm satisfied that his account was put back in the position it should have been in had the error not happened.

I have also seen a screenshot of Creation's internal systems which shows that it wasn't reporting negative information to the credit reference agencies. It isn't clear if negative information was ever reported, however I'm persuaded it no longer is. I note Mr J told this Service in July that he was obtaining a copy of his credit report to check – he hasn't come back to us with a copy of his report, and so I've presumed there aren't any arrears markers being reported.

What is left for me to decide now is if the level of distress and inconvenience award Creation has paid is enough to recognise the impact its error had on Mr J. The final response letter confirms that it had paid Mr J £150. And Mr J told us that it paid him an additional £100 on top of this (although I haven't seen any evidence of this being paid).

It's seldom straightforward to decide on appropriate levels of compensation for non-financial losses. Not least because the impact on the consumer will be, by its very nature, subjective and difficult to quantify. I appreciate it must have been concerning for Mr J to find out that his account was in arrears and to have been in receipt of the letters about this. I have also considered that it would have taken Mr J reasonable effort to sort out and that this took more than one contact to Creation, with him also not receiving a call back when he was told he would.

When deciding on fair compensation, I have taken all of this into account, together with our published approach to compensation for distress and inconvenience, which can be found on our website. Having done so, and while recognising Mr J's strength of feeling about the matter, I'm satisfied Creation's offer of £150 is a fair way to resolve this part of his complaint.

I say this because while I'm satisfied that Mr J would likely have been caused some distress and inconvenience by what happened, I think Creation rectified the matter relatively quickly – for example, I can see that it refunded the £30 late payment fee shortly after it was applied. So, I think the £150 it has paid Mr J is enough here. I note Mr J says Creation paid him an additional £100 on top of this, if this is the case, I think this is more than fair in the circumstances.

My final decision

For the reasons set out above, I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 December 2024.

Sophie Wilkinson
Ombudsman