

## **The complaint**

Ms H complains about contact from Creation Financial Services Limited asking her to make repayments to a debt she believed was already cleared in full.

## **What happened**

Ms H has a credit card with Creation. In February 2022 Ms H raised a complaint with Creation and it placed her account on hold whilst the case was investigated. That meant no interest, fees or charges would be applied to the debt, increasing the outstanding balance, and no collections attempts were made. A final response was issued by Creation on 28 March 2022. As of 8 March 2022 Ms H's credit card with Creation had an outstanding balance of £1,105.03.

Creation has explained that the collections hold wasn't removed from Ms H's account at the conclusion of its complaint investigation. As a result, no payments were collected from Ms H and no attempt to contact her was made. Creation reviewed Ms H's account again in October 2023 and took steps to remove the collections hold it had left in place by mistake. Creation started sending Ms H letters asking for payment.

Ms H has explained she wrote to Creation and also called it to discuss the account. Ms H says that during her call, an agent at Creation told her the balance it was seeking to recover had come about due to unpaid interest after she complained in 2022. Creation says that when it spoke with Ms H it told her the balance that remained was due to spending on the credit card from 2018. Creation confirmed the balance remained outstanding.

A final response was issued to Ms H on 29 January 2024. Creation confirmed it had incorrectly failed to remove the collections block in 2022 which meant Ms H wasn't contacted about the outstanding balance. Creation apologised and credited Ms H's loan with £200 in recognition of the distress and inconvenience caused.

Ms H referred her complaint to this service and it was passed to the investigator. They agreed that Creation had made a mistake by failing to remove the collections block but felt its settlement of £200 fairly reflected the error and was a reasonable way to resolve Ms H's complaint. Ms H asked to appeal and said she was told by an operator that the balance was made up of interest applied in the previous 18 months. Ms H also said Creation had failed to respond to her letters. Ms H explained that she believed the outstanding balance had already been repaid in full. As Ms H asked to appeal, her case has been passed to me to make a decision.

## **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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file.

I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Ms H has told us she believes the outstanding balance of her Creation credit card had already been repaid. But Creation has provided an account history for Ms H's case going back to 2019. That shows Ms H's credit card had a remaining balance that was being reduced by regular payments, normally of £20 a month. On 16 February 2022 Ms H paid £11.50 and on 8 March 2022 Creation made a £40 compensation payment, leaving an outstanding balance of £1,105.03. I'm satisfied that the evidence shows that at the end of February 2022, Ms H owed £1,105.03 to Creation.

Ms H says that in the following 18 months, Creation applied interest and charges to the debt increasing the balance. But that's not the case. No interest, fees or charges were applied by Creation after Ms H's complaint was made in February 2022. When Creation took the step of reviewing Ms H's account again in October 2023, the outstanding balance remained at £1,105.03. Further, I can see that the balance reduced to £905.03 after Creation paid the £200 settlement agreed to the outstanding balance on 29 January 2023. In addition, I've listened to Ms H's call with Creation on 29 November 2023 but didn't hear the agent say that any interest, fees or charges had increased the outstanding balance.

I'm sorry to disappoint Ms H but I'm satisfied the outstanding balance that remains is the same as she owed before her complaint was made in February 2022. I'm satisfied no interest, fees or charges have been applied by Creation since that time.

I agree that Creation made a mistake with Ms H's credit card when it failed to remove the collections block after her previous complaint was concluded in March 2022. That meant no payments were collected and no attempts to contact Ms H were made by Creation's collections team. But I'm satisfied a credit card balance remained outstanding during this time. And I haven't seen anything that shows Creation ever told Ms H the balance was repaid in full.

Ultimately, as I'm satisfied a credit card balance remains outstanding my view is Creation has a legitimate reason to contact Ms H to discuss repayments. I should explain that Creation needs to ensure it's only collecting repayments Ms H can afford to make. So if Ms H is concerned about whether she can afford to make repayments to Creation, it should let her complete an income and expenditure assessment to verify whether they're affordable. Creation can only collect repayments a customer can sustainably afford to maintain and is obliged to treat customers who are struggling positively and sympathetically.

Ms H has told us her letters were not answered by Creation. But after Ms H wrote to Creation and a complaint was made, it issued a final response explaining what had happened and how it intended to resolve the situation. So whilst I agree Ms H's letters weren't all responded to, I'm satisfied Creation has explained why it's contacting Ms H about an outstanding balance and that it has a legitimate reason to do so. I'm sorry to disappoint Ms H but as I'm satisfied Creation has explained what happened and already agreed a settlement that is fair and reasonable in all the circumstances, I'm not telling it to do anything else.

### **My final decision**

My decision is that Creation Financial Services Limited has already agreed a settlement that is fair and reasonable in all the circumstances.

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

reject my decision before 17 September 2024.

Marco Manente  
**Ombudsman**