

The complaint

Mr M complains that he was unable to use the “Flex” option when making a purchase using his credit card, issued by Creation Financial Services Limited. As a result, he has had to pay interest on the purchase.

What happened

Mr M has a credit card, issued by Creation. One feature of the card is that cardholders can choose to “flex” payments. So, rather than making monthly payments, they can turn spending on the card into a term loan of between 3 and 36 months. That loan, rather than incurring interest, is subject to a flat fee, which varies depending on the term selected. Importantly, there is no fee where a customer selects a three-month term.

On 13 September 2023 Mr M made a purchase in foreign currency of the equivalent of £3,894.47, which he paid with his credit card; after applying a foreign fees saving, the total which appeared on his statement was £3,781.41.

Mr M says that he intended to flex the payment over three months but, when he tried to do so using the Creation app, the option wasn’t available. He complained to Creation. It said that there was no record of Mr M having logged into his account using the app in the time between his purchase and the date of his next statement, 20 September 2023. It explained that the flex option was only available if it was exercised after a payment had been posted (that is, not on “pending” transactions) and before it appeared on a statement. Mr M said that he was aware of that, and had therefore waited two or three days before trying to exercise the option.

Mr M repaid the amount he had paid by early December 2023 (along with some smaller payments he had made using the card). But he also incurred interest in that time of some £177.50.

Mr M referred the matter to this service, where one of our investigators considered what had happened and issued a preliminary assessment. He did not recommend that the complaint be upheld. He was not persuaded that Mr M had tried to flex the payments as he had suggested.

Mr M did not accept the investigator’s assessment and asked that an ombudsman review the Case.

I did that and issued a provisional decision in which I said:

Creation’s case is, in summary, that Mr M did not try to exercise the flex option between the payment being posted to his account and the statement date. It has no record of any access to the account in that period.

I am not persuaded however that Creation’s records of Mr M accessing the account are entirely accurate. He has, for example, shown that he made several manual payments between October and December 2023, but these do not appear in Creation’s access

records. He has also shown that he received account updates shortly before and after the transaction of 13 September 2023. They included a message dated 18 September 2023 showing the account balance, so Mr M would have known by that point that the transaction was no longer pending.

If Mr M had accessed the account through the mobile app but not carried out or attempted to carry out any transactions, it is not clear whether that would have shown in Creation's records. I note that Mr M does not say that he tried to flex the payment but was unsuccessful; he says the option was not available.

In the circumstances, I believe that Mr M is telling the truth when he says that he accessed his account through the app but that the flex option was not available.

At the time of the transaction of 13 September 2023, Mr M's account had a zero balance. There were no other transactions in respect of which the flex option could have been exercised. There were therefore two possible explanations for the absence of the option when Mr M tried to exercise it. Either the transaction was still pending or it had already been added to his September 2023 statement.

Creation's records indicate that the transaction was posted the day after it was made, 14 September 2023. The next statement after that date was dated 20 September 2023. On the face of it, therefore, Mr M had between 15 and 19 September (and possibly longer) to exercise the flex option. For the reasons I have explained, I believe Mr M did seek to exercise the option in that period.

Based on the evidence currently available, therefore, I think the most likely explanation is that, by the time Mr M tried to flex the transaction, it had already been moved to the statement which was to be processed and sent a few days later.

Since the flex option can only be exercised after a transaction is posted but before it appears on a statement, the window in which it is available can vary from several weeks to almost no time at all. Mr M appears to have understood that he had limited time in which to exercise the option, but he cannot have known exactly when it might be available. That depended on when the payment was posted and when it was added to his statement – both of which were out of his control and unpredictable. But it seems likely that in this case that period was very much more limited than he would have expected. In my view, it was reasonable for him to have expected to be able to use the flex option two or three days after the purchase. And I believe he tried to do so, but it had already been removed.

In my view, it would therefore be fair to put Mr M in the position he would have been in if the flex option had been available. Here, that means that he would not have paid any interest on the transaction made on 13 September 2023 – since it was repaid in full within three months.

I calculate that Mr M paid around £177.50 in interest on that transaction. He should receive some interest on that sum, so I propose a refund of £190 in total. In addition, Mr M should receive some compensation for the inconvenience to which he has been put, and I believe a sum of £150 would be fair in the circumstances.

Creation did not accept my provisional decision. In its response, it explained that there were a number of reasons why a customer might not be eligible to use the Flex option, although it did not say which it thought applied here. Creation said too that, where a customer does not see the Flex option, it is best to check back later.

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 reasons set out in my provisional decision, I believe that Mr M sought to exercise the option two or three days after the transaction – that is, on 15 or 16 September. I am satisfied too that Mr M is telling the truth when he says the option wasn't available. By that point, the transaction was no longer pending, and it was still a few days before the statement date of 20 September. I note that Creation has not said exactly when – if at all – Mr M could have exercised the Flex option for this transaction. I am satisfied however that it should have been available when he tried to exercise it, but it wasn't.

For these reasons, I have not changed my view of this complaint from that set out in my provisional decision.

My final decision

My final decision is that, to resolve Mr M's complaint in full, Creation Financial Services Limited should pay him £177.50 (being the interest he paid on the transaction) and £150 in recognition of the inconvenience to which he has been put.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2024.

Mike Ingram

Ombudsman