

The complaint

Miss M has complained that Creation Consumer Finance Ltd incorrectly told her that her account had been cleared, and this led her to take out other finance, causing financial hardship.

What happened

Miss M contacted Creation in January 2024, and was told that her outstanding balance was £120.76, and that pending payments would clear this, and her account would be closed.

Unfortunately, this was an error, and the outstanding balance was actually £740.72. This meant Miss M had further amounts still to repay. She's explained that this caused her financial hardship, as she'd believed no further sums were owing, so had taken out finance for a bathroom.

One of our investigators looked into what had happened, but thought it was fair for Creation to require payment of the correct outstanding amount. He thought its offer of £150 compensation was fair.

Miss M disagreed, and asked that her complaint be passed to an ombudsman. She explained the matter is causing her significant anxiety, and is affecting her ability to take out a mortgage.

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 very sorry to hear of the anxiety Miss M is experiencing. I can understand the matter must be very worrying. And I can see that Miss M has taken out further finance, which she's explained she wouldn't have done, had she thought there was a sum still owing to Creation.

I've thought carefully about what's happened. There's no doubt Creation made an error. But I think it contacted Miss M within a reasonable timeframe, to explain this, and give her the correct outstanding balance. It also offered her £150 compensation. It said that if she was experiencing difficulty making repayments, that she should contact it for assistance. I think this is fair.

As the money was legitimately owing, I think it reasonable Creation should require for it to be paid back. I can't say with certainty that the repayment of this sum is the sole reason for Miss M experiencing financial difficulty. But, if she is struggling with the repayments, I'd urge her to contact Creation on the number it provided her with in its letter, to look into an affordable repayment plan. I'd also urge her to consider accepting the £150 compensation offered, if she hasn't already.

My final decision

For the reasons given above, it's my final decision that the £150 offered by Creation

Consumer Finance Ltd is fair. I leave it to Miss M to decide whether she'd like to accept it, if she hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 March 2025.

Elspeth Wood
Ombudsman