

The complaint

Mr W complains that Creation Consumer Finance Ltd trading as Creation.Co.Uk (Creation) applied interest to his running account credit agreement unfairly.

What happened

Mr W took out a running account credit agreement with Creation to pay for purchases with a retailer. In December 2023, Mr W used his account to spread the cost of a £479 purchase with a “Buy Now Pay Later” (BNPL) arrangement.

Creation emailed Mr W on 17 May 2024 to say his monthly statement was available to view online. The email contained a section about Buy Now Pay Later purchases, which said:

“Your statement will show when your Buy Now Pay Later offer period ends, to help you keep track.

We’ll remind you at least one month before your Buy Now Pay Later purchase offer period is due to end”

Mr W says he didn’t hear further and was shocked to see interest had been applied to the outstanding balance owed when he checked his statements in June 2024. Mr W had thought that no interest would be applied as long as he repaid the balance by 2 July 2024. Mr W complained to Creation.

In its final response to Mr W’s complaint, Creation said it sent Mr W statements each month that included an “important information box” that advised Mr W what would happen if he did not repay his outstanding balance by the end of its “special offer”.

Unhappy with this response, Mr W referred his complaint to our service. To put things right, Mr W wanted a refund of interest applied and £250 compensation.

One of our Investigators reviewed Mr W’s complaint but thought his May 2024 statement explained when the BNPL period would expire, so didn’t think this complaint should be upheld. Mr W asked for an Ombudsman to review his complaint, explaining he was genuinely confused by Creation’s communications about when the BNPL period expired.

So, has come to me for 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.

Mr W says he expected a reminder one month before his BNPL agreement ended. I don't think the 15 May 2024 email Mr W refers to says a separate email reminder would be sent one month before a BNPL agreement ended. Instead, the email says the end date of any BNPL agreement is set out in his statements.

The credit agreement, signed by Mr W, says that Creation will send monthly statements that will show the repayments due and any additional charges to the account. I have seen nothing in the terms and conditions that require it to send additional emails notifying a customer a month before a BNPL period ends.

I think the May 2024 statement did include a reminder about the end of the BNPL agreement. The statement shows the outstanding balance owed was £479. Underneath the outstanding balance, there is a box that said Mr W's £479 purchase ends on 2 June 2025. Underneath this, there was another box entitled "important information". The important information box says the BNPL period is due to end by 4 June 2024. It goes on to say:

"If you pay the full amount of £479.00 by this date, you will not pay any interest on this purchase. After the Buy Now Pay Later period has ended your payment amount for this purchase will be £52.27 per month starting on 02/07/2024... Any payments that you may make towards this amount by the end of the Buy Now Pay Later period will not incur any interest. Any balance left to pay after this date, will incur interest from the date of your purchase at the rate specified in your credit agreement."

It was ultimately for Mr W to monitor his account and Creation issued statements that showed the BNPL end date was 4 June 2024 and how interest would be charged should the balance not be repaid in full before the end date.

As the full outstanding balance was not repaid by 4 June 2024, Creation was entitled to apply interest to the outstanding balance owed. I think this was clearly explained in the quote above. Creation was not obliged to suspend interest because Mr W complained. I've seen nothing to make me think Creation charged interest incorrectly. So, whilst I realise my decision is likely to disappoint Mr W, I have not recommended a refund or any compensation be paid to him.

My final decision

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 April 2025.

Victoria Blackwood
Ombudsman