DRN-5625387

The complaint

Mr E complains that Creation Consumer Finance Ltd ("Creation") applied interest to a Buy Now Pay Later (BNPL) purchase he made using credit provided by them.

What happened

Mr E has a running account credit agreement with Creation.

On 28 November 2023, he purchased a laptop that cost £478.99 using the BNPL option of this credit facility. The terms of this meant that Creation wouldn't charge interest on this purchase if Mr E repaid £478.99 by 28 August 2024.

Mr E says he tried to pay the due amount before the BNPL period ended but couldn't because of errors at Creation's end. As he wasn't able to pay this, Creation applied the interest that was due.

Mr E complained to Creation. He said they hadn't sent him any reminders that the BNPL period was due to end, which meant they hadn't complied with their own terms and conditions. Mr E also mentioned he tried to pay the due amount but couldn't because Creation's payment page didn't work.

Creation didn't provide their response to Mr E's complaint, so he referred the matter to our service. Creation then sent their final response letter to Mr E, in which they said they sent a reminder to him in March 2024 about the end of the BNPL period and that this information was also set out in two monthly account statements which Mr E could access online.

Our investigator didn't recommend that Mr E's complaint should be upheld. Mr E disagreed and so his complaint has been passed 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 E's complaint relates to a running account credit agreement provided by Creation. Our service is able to consider complaints about these types of agreements.

The Financial Conduct Authority ("FCA") has made specific rules relating to BNPL deals, about the kind of information which must be given to borrowers taking out such deals. The most relevant of these rules is CONC 6.7.16AR, which states:

"Where a customer has the benefit of a zero-percentage or low interest, introductory or promotional offer that depends on the customer meeting certain conditions, a firm must provide notice to the customer reminding them of any action they need to take to meet the conditions of the offer and the date by which this action must be taken, within a reasonable period before that date, taking account of the time at which the information may be most useful to the customer.

This notice must be provided in an appropriate medium (taking into account any preferences expressed by the customer about the medium of communication between the firm and customer), in plain language and sufficiently prominent, so that it is likely to be seen and understood by the customer".

In other words, lenders such as Creation must provide timely and clear reminders to consumers about the terms of their BNPL purchases, to lessen the risk that they inadvertently miss the deadline and become liable to pay a significant amount of interest.

Mr E has told us he was aware of how the BNPL deal worked, which makes sense bearing in mind he had previously taken out other BNPL deals using Creation's account. The issue here is that Mr E says Creation didn't send him reminders about the expiration of the BNPL period and that he wasn't able to pay the cash price of the laptop in time to avoid interest being applied.

Creation says it sent Mr E a reminder letter about the end of the BNPL period on 1 March 2024. I've seen an example of what this letter would have looked like, and I think it explains how the BNPL purchase worked quite clearly and what Mr E needed to do to avoid interest being applied to it. The example letter has a "code" which matches the code on Creation's systems next to the entries which they say indicates a letter was sent. Creation has the correct postal address details for Mr E, and I'm not aware of any postal issues in early March 2024 which could have prevented this letter from reaching him. Generally, the vast majority of correctly addressed post is delivered successfully, and to the right address. So, I think I have to conclude, on the balance of probabilities, that the reminder letter of March 2024 was successfully delivered to Mr E.

However, that reminder letter was sent around five months before the end of the BNPL period. I think a reminder ought to have been given to Mr E closer to the BNPL deadline, and that would in my view had been appropriate for Creation to do, to have met their obligations under CONC 6.7.16AR.

I've looked at the account statements for July 2024 and August 2024. Both contained reminders on the front page, in a box titled "Important Information". The reminder set out that the BNPL period was due to end on 28 August 2024. And it included the following text: "*Any balance on your account after this date will be charged interest from the date of your purchase at the rate specified in your credit agreement*". The interest rate was shown as well. I don't think this information was insufficiently clear or prominent, so I have to consider that Mr E was given a timely reminder of the BNPL deadline and what would happen if he still had a balance when the deadline expired.

I've considered Mr E's comments that he didn't know he had an online account which Creation created for him. So, he says he didn't know about the reminders in the statements. I've not seen enough evidence that Mr E was being sent statements by other means, and he presumably was aware that statements would likely be generated each month. I note that Creation has said that Mr E set his communication preference for this purchase to be set to the online system they had (rather than by other means such as e-mail or letter). I've not seen enough evidence that this was incorrect.

Overall, I conclude that Creation provided a reminder letter to Mr E in March 2024 and a further set of reminders to him in the July and August 2024 account statements. I think they complied with their obligations under CONC 6.7.16AR as a result.

Finally, I've considered what Mr E has said about his problems in making the payment to Creation. He's provided screenshots of messages he saw which said the service he was trying to access wasn't available and asking him to try again later. The screenshots don't unfortunately show the date when Mr E tried to access the service in question, so I can't be certain whether this was before the BNPL period ended, or after. If it was after, then the interest for the purchase would already have become payable. And, as I've concluded that Creation complied with their obligations under the relevant part of CONC for the BNPL purchase, and as I've not seen they made any errors in how they communicated with Mr E, then it follows that Creation was entitled to apply the interest. If the payment was attempted beforehand, then Mr E's argument that Creation didn't send reminders is largely irrelevant as he was already attempting to pay what was due before the end of the BNPL period. And, if that was the case, then I can't rule out that there were other options available to Mr E to enable him to make the payment in time.

For the reasons I've given above, I won't be upholding Mr E's complaint as I don't think Creation acted in such a way that meant he was unable to make the required due payment before the end of the BNPL period, or that they acted in such a way so that Mr E was unaware of that requirement.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 September 2025.

Daniel Picken
Ombudsman