

The complaint

Mr H is unhappy the service that he received from Creation Consumer Finance Ltd.

What happened

Mr H ordered an item from a merchant and arranged for it to be paid in an instalment plan to be administered by Creation. A credit agreement was set in place between Mr H and Creation as a result. But Mr H later decided that he didn't want the item and so didn't collect it from the merchant, which, as per the merchant's terms, should have resulted in the order – and thus the associated credit agreement with Creation – being cancelled.

Mr H later learned that Creation hadn't cancelled his credit agreement with them and he contacted them about the matter. Creation explained that they hadn't received any notice of cancelation from the merchant and suggested that Mr H contact the merchant directly and said that they would reach out to the merchant also.

Mr H tried to obtain confirmation of the order cancelation from the merchant but was unsuccessful. Creation also didn't receive any confirmation of cancelation from the merchant and so continued to consider the credit agreement as being valid. Mr H wasn't happy about this, so he raised a complaint.

Creation responded to Mr H but didn't feel that they'd done anything wrong in how they'd administered the credit agreement that had been in place, given that they hadn't received any formal confirmation that the agreement should be considered invalid.

But Creation did note that they had later received confirmation from the merchant that the order had been cancelled, which had resulted in them reimbursing the money that they'd taken from Mr H under the payment plan and correcting their reporting to the credit reference agencies. Mr H wasn't satisfied with Creation's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Creation had acted unfairly as Mr H contended and didn't uphold the complaint. Mr H remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Having done so, I note that Mr H has made several points of a legal or regulatory nature. I'd therefore like to begin by confirming that this isn't a regulatory body or a Court of Law and doesn't operate as such.

Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial

perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mr H has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr H for these submissions, and I hope that he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr H notes that I haven't addressed a specific point that he's raised, it shouldn't be taken from this that I haven't considered that point. I can confirm that I've read and considered all the submissions provided by both Mr H and Creation. I also confirm that if Mr H notes that I haven't discussed a point that he's raised, I have considered that point but I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr H has explained that when Creation first contacted him about the credit agreement that they considered to still be valid, he told them the order had been cancelled and that the credit agreement should therefore also be cancelled. And Mr H feels that it was then for Creation to have contacted the merchant and confirmed this point.

I'm not convinced by Mr H's argument here, and I feel that the onus was on him to have contacted the merchant and ensured that the merchant provided the confirmation of cancellation to Creation. However, I note an email from Creation to Mr H relatively early in the timeline of what happened in which Creation explained that they would contact the merchant and ask for confirmation of the cancellation – although in that same email, Creation also reiterated to Mr H that he should attempt to contact the merchant himself.

Matters are complicated here by the actions of the merchant itself, which to confirm is not a party to this complaint. In short, the merchant doesn't appear to have been operating functionally at the time in question. And Mr H notes that he did attempt to contact the merchant without success and had to eventually visit a store in person to try to obtain the confirmation of cancellation (and even then, wasn't successful).

As such, while I acknowledge that Creation should reasonably have contacted the merchant when they said they would, and didn't do so for over two months, I'm not convinced that if they had that the result would have been any different here. Because I'm not convinced that the merchant would have responded to Creation any more efficiently than they responded to Mr H's own contact attempts.

Indeed, while Creation did receive a confirmation of cancellation from the merchant, it's notable that it wasn't sent as a response to the query that they sent, but was received as a stand alone notice. And I feel it may have been the case that the cancellation confirmation that Creation received from the merchant had nothing to do with the query that Creation sent, and may have been a result of the merchant belatedly sending the order cancellation information to Creation.

Ultimately, I wouldn't reasonably expect Creation to cancel the credit agreement without confirmation from the merchant that the agreement should be considered invalid. And it wasn't Creation's fault that the merchant didn't provide that information to either Mr H or themselves in a timely manner.

I also feel that Mr H himself could have acted differently to mitigate against what happened here, most obviously by not cancelling the direct debit and by making the payments (which were only approximately £14 per month) under the credit agreement until such time as it could be confirmed that the credit agreement was invalid.

If Mr H had done this, then he wouldn't have incurred any missed payment information while the matter was being resolved. And I note that Creation did explain to Mr H that they would reimburse any payments relating to the credit agreement if it was confirmed that the order had been cancelled.

Accordingly, given that Mr H was aware that Creation hadn't received confirmation of the order cancellation, and given that he was also aware that the merchant was difficult to communicate with as per his own efforts to that effect, I don't feel that it was reasonable for Mr H to have not made the payments under the agreement and to have expected Creation to not report those payments to the credit reference agencies at a time that Creation hadn't been formally told that the order had been cancelled.

When Creation did receive confirmation that the order had been cancelled, they reimbursed the relevant money to Mr H and updated their credit file reporting. This is precisely what I would have expected Creation to have done here, and I don't feel that there is any further corrective action required from them in this regard.

Finally, Mr H has referred to the Consumer Duty and he feels that Creation have failed to provide the standard of service that he should expect in consideration of the Duty. The Consumer Duty was introduced by the regulator, the Financial Conduct Authority. It sets a higher standard for firms in terms of how they are interacting with their customers, and it applies to events from 31 July 2023.

As explained previously, this service isn't a regulatory body, and so I have neither the remit nor the authority to say whether Creation have acted in accordance with the Consumer Duty or not. But I have taken the Consumer Duty into account when considering this complaint and having done so it remains my position that Creation haven't acted unfairly here, for the reasons explained above.

To confirm, these include that I feel that there was an onus on Mr H to have contacted the merchant and prompted them to provide the cancellation confirmation to Creation. Additionally, I'm not convinced that if Creation had attempted to contact the merchant that they would necessarily been successful, given the lack of success that Mr H himself encountered in this regard, and I also feel that Mr H could reasonably have mitigated against any potential adverse impact he may have experienced by paying the £14 a month until the matter was resolved.

All of which means that I don't feel that Creation have acted unfairly as Mr H feels is the case here, and it follows from this that I won't be upholding this complaint or instructing Creation to take any further or alternative action. I realise this won't be the outcome Mr H was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 October 2025.

Paul Cooper
Ombudsman