

The complaint

Mr L complains Creation Consumer Finance Ltd (Creation) incorrectly charged him interest on a fixed-sum loan agreement.

What happened

In July 2020, Mr L bought furniture from a home improvement retailer (which I'll call "R") with a fixed-sum loan provided by Creation on a Buy-Now-Pay-Later (BNPL) basis.

The loan repayments were £203.43 per month for 59 months, based on an interest rate of 18.9% APR. Alternatively, if Mr L paid the full £6,820 he borrowed within a year, no interest would be charged. Creation subsequently collected the £203.43 monthly repayments from Mr L via a direct debit agreement.

Mr L said the electronic signature on the loan agreement wasn't his and was spelt incorrectly, and he hadn't previously been given a copy of the agreement. He also said he had agreed to a three-year (not one-year) interest-free period with R on 15 July 2020. He complained to Creation in August 2024, stating the balance on his account was wrong as he shouldn't have been charged interest.

In its August 2024 response, Creation said interest was chargeable from 5 October 2021 (the end of the interest-free period) because its records show Mr L electronically signed a loan agreement with a one-year interest-free period and the full amount remained unpaid by that date. It also said it sent Mr L letters in April 2021 and September 2021 warning him about the 5 October 2021 deadline. It didn't uphold his complaint.

Our investigator looked into Mr L's complaint and also concluded Mr L had likely agreed to a one-year and not three-year interest-free period. As Mr L disagreed, the complaint 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.

This includes Mr L's further submissions as well as the relevant laws, regulations, guidance and standards, and good industry practice. Where what has happened is unclear, my findings are based on what I think is likely to have happened given the information available.

I've summarised the complaint in my own words and I'm not responding to every argument. No discourtesy is intended by this. Our rules allow me to do this given the informal nature of our service. If there's something I've not mentioned, it isn't because I've ignored it. Rather, I'm satisfied I only need to focus on the key points to reach what I think is the right outcome.

For broadly the same reasons as our investigator, I think the evidence shows Mr L likely agreed to a one-year interest-free period and was told from the outset this was the case. I've set out my reasons why below.

In an email dated 29 July 2020 from R to Mr L, R thanked Mr L for completing the finance proposal that same morning and invited him to complete the remote “E-signature process”. It also provided him with a link to “Esign” the agreement.

It appears he went through the process the same day, as the only available copy of the loan agreement shows Mr L electronically signed an agreement on 29 July 2020. This agreement states the interest-free period was one year. And attached to the agreement is a Welcome Letter dated 29 July 2020, also setting out a one-year interest-free period.

Mr L disputes signing the agreement. However, the agreement shows an electronic signature dated 29 July 2020; there is also R’s email inviting Mr L to sign that day and a Welcome Letter of the same date.

Additionally, Creation confirmed the interest-free period started on 5 October 2020 because that was the date it received the customer satisfaction note from R, confirming Mr L was content with the goods. Mr L provided a copy of this note, dated 2 October 2020, with his wet signature. This supports a 5 October 2020 start to the one-year interest-free period.

I’m more persuaded by these documents rather than Mr L’s later recollection. And I’m satisfied they collectively show, on balance, Mr L e-signed the agreement on 29 July 2020 on a one-year interest-free basis, starting on 5 October 2020.

Mr L said he never saw the loan agreement and never received copies of the 29 July 2020 letter or two additional letters Creation posted to him on 8 April 2021 and 6 September 2021, warning him the interest-free period ended on 5 October 2021.

It’s possible Mr L didn’t receive any of the letters. However, screenshots of Creation’s system confirm the April 2021 and September 2021 letters had been sent to his correct address. So I think Creation did enough to warn Mr L about the 5 October 2021 deadline.

I’ve come to these conclusions while being mindful of the particular objections Mr L raised. He pointed out his name was spelt incorrectly on the agreement. I’ve noted the slight misspelling on the agreement and other correspondence, but on balance I think this was a clerical error, not evidence that someone else signed the agreement.

Mr L also remembers R agreeing to a three-year interest-free period on 15 July 2020 during a conversation with one of R’s employees. I don’t doubt his strength of feeling about what that conversation involved and what the documents available at the time might have said regarding the interest-free period. But I don’t find the documentary evidence he submitted sufficiently supports any prior agreement to a three-year interest-free period.

I’ve considered the document from R dated 27 July 2020 stating “total on finance £0”. Mr L specifically referred to it in support of his position. While the document suggests no finance was initially agreed, I don’t think it’s relevant here as it predates Mr L’s conversation with R on 29 July 2020 discussing (and finalising) the “finance proposal” and the eventual signing of the finance agreement that day. I also note that Mr L doesn’t dispute he took out finance, only that he did so on a three-year rather than a one-year interest-free basis.

Taking all the above into account, I find Mr L likely agreed to a fixed-sum loan on a BNPL basis on the terms set out on the only available copy of the agreement.

As this agreement states the interest-free period was one year, I don’t find Creation acted unfairly by applying interest from 5 October 2021. It was entitled to under the terms of the

agreement. Nor have I found anything to show Creation acted unfairly in the way it sought to recover the repayments it was owed under the agreement.

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 L to accept or reject my decision before 10 December 2025.

Alex Watts
Ombudsman