

The complaint

Ms T has complained about the way Creation Consumer Finance Limited administered a credit agreement she'd used to buy goods.

What happened

The circumstances of the complaint are well known to the parties so I won't go over everything again in detail. But, to summarise, Ms T has a running account credit agreement with Creation that she opened in 2021. It's used to purchase goods and services from a merchant I'll call "M". In November 2023 she purchased a phone for around £650 from M using her Creation credit agreement ("the 2023 device").

Ms T said she explicitly requested a 12-month 0% interest repayment plan collected by monthly direct debit, matching plans for previous devices she'd bought using the Creation agreement. Ms T said without her knowledge M put the 2023 device on a buy now pay later ("BNPL") plan with a 12-month interest free deferred period followed by 24 repayments.

Ms T said the situation only became clear months later when she reviewed her statements. Interest had already been applied, and she complained to M and Creation. M said it noted the previous devices were put on 24-month interest free agreements, but that wasn't available for the 2023 device. It said the receipt Ms T had provided for the 2023 device shows the interest rate and that there were 12 deferred months on the plan. It didn't uphold the complaint.

Creation said the application it received from M was for a BNPL plan with the deferred period ending in November 2024. It said if the purchase isn't paid in full by the required date interest is charged from the purchase date. It said payments were then due from December 2024 as the full balance wasn't paid. Creation said it sent BNPL reminder correspondence to Ms T in 2024 advising when the purchase needed to be paid in full to avoid interest being charged, and it told her about different ways she could pay. It also highlighted information about the BNPL was included in statements. It didn't uphold the complaint and Ms T referred it to the Financial Ombudsman.

One of our investigators looked into things and didn't think there was sufficient evidence Ms T was misled about the sale so didn't make any recommendations.

Ms T didn't agree. In summary, she said she asked for a 24-month interest free plan but was told only a 12-month interest free plan was available. She said M didn't tell her the repayments wouldn't be taken within the first 12 months and that it would then be repaid over a further period with interest applied. She said it wasn't reasonable for her to infer understanding from the monthly payment alone. She said she could have paid for the phone outright, had previously used interest free agreements, and so it would not have made sense to consent to an arrangement that meant she incurred significant interest. She also said post-sale documentation about the arrangement doesn't remedy a point of sale error. She said the agreement was mis-sold and she wasn't adequately informed.

As things weren't resolved, the complaint has been passed to me to decide.

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 also want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Ms T and Creation that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Ms T paid for the goods using a regulated credit agreement, and our service is able to consider complaints relating to these sorts of agreements.

I've looked at the terms of the agreement Ms T signed in 2021. This says each time credit is used it will be treated as either an interest-bearing transaction; an interest free transaction; or a BNPL transaction. I'm satisfied the agreement Ms T has does set out that a purchase could be made using a BNPL transaction.

Ms T has shown us a receipt for the purchase. This sets out the sum for the goods was added to Ms T's plan (credit agreement), and that the term was 24 months, with 12 months deferred, and it sets out the interest rate and monthly instalment amount. Given Creation administered the plan in line with what was set out, I don't think there's grounds to say it acted unfairly by doing so.

Creation could also have some responsibility for negotiations that were carried out by M in relation to the transaction financed on the credit agreement. But I think it would have been difficult for it to know exactly what was discussed. On the one hand, Ms T has explained she was misled into thinking the transaction worked a certain way and provided a witness statement to support this. But M has said the transaction was set up as agreed. There's conflicting information that Creation was supplied, and I think it would've wanted to be a bit more certain that Ms T was misled.

Moreover, while I take Ms T's point that subsequent actions don't necessarily change a point of sale issue, I do have to bear in mind that it looks like Creation issued several correspondences about the BNPL plan. It said it issued a BNPL activation email in December 2023, with countdown emails in 2024, along with correspondence about the offer ending in October 2024. And I'm conscious Ms T wasn't making payments towards the deal within the first 12 months. She may have simply missed that, but there's an argument that if the transaction wasn't set up in the way she thought it was agreed, Creation may have expected her to highlight matters much sooner, which could have resolved things.

Overall, while I'm sorry to hear Ms T is unhappy, and while I appreciate she's signed the credit agreement in 2021 and the alleged mis-sale happened in 2023, I think Creation administered the transaction in line with how it was set up, and I think it would've wanted to be more certain Ms T was misled at the point of sale. I think there were opportunities to mitigate missed as well. I don't find I have the grounds to direct Creation to take action on the debt.

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 Ms T to accept or

reject my decision before 9 April 2026.

Simon Wingfield
Ombudsman