

## The complaint

Mr V complains Creation Consumer Finance Limited (“Creation”) unfairly defaulted and sold his account to a third party.

## What happened

In October 2021, Mr V opened a Running Account Credit Agreement with Creation. In December 2024, Creation closed and defaulted Mr V’s agreement. Following this, Creation sold Mr V’s outstanding balance to a third party in April 2025.

Mr V complained to Creation. He was unhappy it had defaulted his agreement, saying it had sent letters in the post, although he’d asked for all correspondence via email, as he was abroad. Mr V said he’d made Creation aware of his health conditions and it hadn’t offered adequate support. Mr V was also unhappy Creation had shared his personal details with third parties such as debt collection agencies, while his complaint was open.

Creation doesn’t agree it’s done anything wrong. It says it correctly defaulted Mr V’s account due to outstanding arrears. Creation says it provided fair support to Mr V, when he made it aware he was experiencing difficulties. In relation to sharing Mr V’s details with a debt collection agency, Creation explained the terms of the agreement allowed it to do this. Similarly, it said the terms allowed it to sell the outstanding balance to a third party.

Unhappy with Creation’s response, Mr V referred his concerns to the Financial Ombudsman. One of our Investigator’s looked into what happened and thought Creation’s response was reasonable, so didn’t recommend it do anything further in relation to Mr V’s complaint.

Mr V disagreed, he said Creation had sent correspondence in the post when he’d asked for email and it had sold the debt although he’d raised a dispute, which it shouldn’t have done.

As the matter wasn’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’ve given consideration to the relevant rules and regulations applicable to this complaint, including Consumer Duty and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

### *Default of the account*

I’ve started by reviewing whether Creation was wrong to default Mr V’s account when it did. The Information Commissioner’s Office (ICO) says that when a consumer is at least three months behind with their payments then a default may be registered. It also says it would expect a default to be registered by the time the consumer is six months behind with their payments. That’s what happened here.

Mr V was in a sustained period of arrears. My understanding is Mr V agreed a number of payment arrangements with Creation to repay the outstanding balance on his account, with the latest being agreed in October 2024. However, Creation didn't receive the agreed payments, so it issued a notice of default in November 2024, asking that Mr V get in touch, or pay the outstanding arrears. It set out that if Mr V didn't do either of these, it would default the agreement. I can't see Mr V made a payment or contacted Creation by the date set in the notice of default. Because of this Mr V's account was closed and a default was reported to credit reference agencies in December 2024.

Therefore, it appears, Creation complied with the guidance set out by the ICO and was reasonable in its decision to default the account given the persistent state of arrears.

Creation is also required to report accurate information to the credit reference agencies to reflect how a person has managed their account. I'm satisfied that Creation has done this in relation to Mr V's account.

I have however taken into consideration Mr V's concerns that Creation issued the notice of default via post, although he was abroad at the time. Creation, like all regulated lenders is required to issue certain correspondence in writing, as set out by the regulator. This includes a notice of default. Creation wrote to Mr V at the address it held at the time, so I don't find it made an error on this point. From the evidence available, Mr V had also explained that while he was away for periods that someone was checking his post and passing on important information. I'm also satisfied that Mr V was aware he had an outstanding balance with Creation, so, I find Mr V was reasonably aware he needed to take steps to bring his account up to date.

I've also considered Mr V's concerns Creation didn't offer reasonable support when he made it aware his circumstances. I'm sorry to hear of the challenges Mr V and his family have faced and appreciate this must have been a difficult time. However, taking into consideration the actions of Creation, I do find them reasonable in the circumstances. Creation agreed affordable payment arrangements when Mr V got in touch. However, as the payment arrangements weren't maintained as agreed, I don't then find it was wrong to issue a notice of default or ultimately terminate the account.

So, I haven't found Creation was wrong to default Mr V's account when it did.

#### *Sharing Mr V's data with third parties*

I've then turned to consider Mr V's concerns that Creation shared his details with third parties and sold his account while a dispute was open.

Section 11 of Mr V's agreement with Creation sets out that it may share his data with third parties such as Debt Collection Agencies. So, as I find it's acted in line with the terms of the account, I don't find Creation made an error on this point.

Section 10.8 of the agreement also sets out that Creation may transfer the rights of the agreement – which is in essence to sell Mr V's account to a third party, in certain circumstances. Again, as I find Creation acted in line with the terms of the agreement, I don't find it did something wrong in selling Mr V's outstanding balance to a third party.

I've considered Mr V's concerns that Creation sold his account while a dispute was ongoing. I would note that Creation made the decision to sell Mr V's account before he raised a complaint, however the sale wasn't completed until after the complaint was raised. Considering the nature of Mr V's complaint at the time, I don't find Creation was wrong to

proceed with the sale. Similarly, as I haven't found Creation was wrong to default the account for the reasons explained above – which was the dispute Mr V had raised, I haven't seen that Mr V lost out with Creation selling his account when it did.

### *Conclusion*

In conclusion, while I appreciate this answer will likely come as a disappointment to Mr V, I don't find Creation has done anything wrong in this complaint. For the reasons explained above, I think it was reasonable to default the agreement when it did. Added to this, Creation shared Mr V's details and later sold his account in line with the terms of the agreement, so I don't find it made an error here.

### **My final decision**

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 22 May 2026.

Christopher Convery  
**Ombudsman**