

The complaint

Mr P has complained that CREATION CONSUMER FINANCE LIMITED (Creation) unfairly registered a fraud prevention marker against him.

What happened

In July 2023, Mr P bought goods and financed them via a Fixed Sum Loan Agreement with Creation. The loan had a payment deferral, and from June 2024 Mr P was required to make monthly payments of around £41 each month for 36 months.

Creation attempted to collect the first payment in June 2024, but the direct debit was returned. The subsequent payments that were due were also missed and so Creation sent Mr P a Default Notice in September 2024. This was not satisfied and so Creation terminated the agreement, instructed debt collectors and registered a fraud prevention marker for no intention to pay.

In January 2025, Mr P got in touch with Creation to query the marker and to explain he experienced some difficulties which led to him being unable to pay. He said he had a job, but the marker had made it difficult for him to open a bank account. He explained that at the time he had lost his job and was unable to repay the debt.

Creation looked into the complaint and said that following the missed payment in June 2024, it sent Mr P numerous correspondence. It said it had assigned his account to a debt collector in October 2024 and did not hear from Mr P until January 2025. It said it was unable to assist if a customer does not reach out for help. It confirmed the CIFAS marker was correct and so it was unable to uphold the complaint. It provided details of organisations that could provide support.

Unhappy with this, Mr P referred his complaint to this service for an independent opinion.

Our Investigator looked into the complaint and didn't uphold it. He explained that due to the passage of time, Creation didn't hold copies of the letters it sent to Mr P about the arrears, but said he was provided with evidence they were sent. He said he had not been provided with any evidence that Mr P made contact with Creation until January 2025 when he raised a complaint and payments were not made when due. He said Creation didn't treat Mr P unfairly when it applied the CIFAS marker for no intention to pay, as Mr P had not made contact to make it aware of the financial difficulties he was experiencing.

Mr P didn't agree. He said he had made contact with both Creation and the debt collection agency before the CIFAS marker was applied, explaining his financial circumstances and to request a payment arrangement. He said he was in severe financial difficulty and his intention was always to pay, but he was unable to at the time. He said he submitted evidence to the courts of his financial difficulties, which demonstrates he was not trying to evade payment and feels Creation should have evidence of this. He said he didn't receive any letters from Creation, noting some postal delivery issues in his area. He said Creation should have treated him with appropriate forbearance and failed to identify if he was vulnerable.

Our Investigator explained that Mr P had not been able to provide evidence that he contacted Creation before the CIFAS marker was loaded and said that Creation didn't hold the court documents Mr P made reference to. He said he was satisfied Creation sent the letters and Creation were unaware of Mr P's financial difficulties, so felt it complied with its regulatory obligations. He concluded that he felt Creation's decision to apply the marker was reasonable at the time.

Mr P still didn't agree and said he felt Creation didn't meet the evidential threshold required to say it believed he didn't intend to pay and questioned whether the marker was a proportionate response in the circumstances. As an agreement could not be reached, the complaint was passed to me to decide.

I reached a different opinion to our Investigator and so I issued a provisional decision to explain the outcome I intended to reach. In that I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm aware I've summarised the events of the complaint to some degree. 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 Mr P 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, but it's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

The credit agreement Mr P entered into was a regulated consumer credit agreement, as such this service is able to consider complaints relating to it.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Creation is required to operate within the terms of the National Fraud Database Handbook, which sets out certain principles of use, including when a member can record information on the database. In order for Creation to have loaded a marker onto the database it needed to have:

- *reasonable grounds to believe Mr P had committed a fraud, or committed or attempted a financial crime;*
- *clear, relevant and rigorous evidence;*
- *the criteria for one of the case types was met; and*
- *Creation needed to have rejected withdrawn or terminated a product unless it had an obligation to provide it, or the subject had already received the full benefit.*

Mr P says he did not commit a crime and has explained that his financial situation at the time, as a result of him losing his job, meant he was unable to repay the debt. Creation has explained that it made a lot of contact with Mr P about the missed payments and arrears but it did not hear from Mr P and had it done so it would have been able to assist him. Mr P has been unable to provide evidence to show he made contact with Creation before January 2025 and Creation's evidence does not show any contact from Mr P. In the absence of any evidence to confirm otherwise, I'm not

persuaded that Mr P was in contact with Creation about the arrears in 2024, or before he made contact in mid-January 2025.

It's also worth pointing out that Mr P has said that he was in touch with the courts regarding the debt. Creation has confirmed that it had not began any court action in relation to the agreement. Mr P has not been able to provide evidence to support this and in the absence of this, I'm not persuaded that the matter has been dealt with by the courts.

Creation has confirmed that it applied for the fraud prevention marker to be loaded around October 2024. At that point in time, I don't find I can say its concerns or decision to load the marker was unfair. I think it's evidence and decision to load the marker followed the principles within the handbook mentioned above because I think it had valid concerns when Mr P failed to make payments when they were due and there isn't sufficient evidence to show he got in touch with Creation, after it had sent him communication about the arrears.

However, when Mr P got in touch with Creation in January 2025 and explained his situation, I think it would have been reasonable for Creation to reconsider the fairness of the marker at that point. I say that because Creation has explained that had Mr P been in touch prior to then to inform it that he was experiencing financial difficulties, it would have been able to assist him. I think Creation ought to have gathered some further information from Mr P to determine if he genuinely intended to not make any payments due or whether something had happened, in the year from when he entered into the agreement until the first payment was due, that changed his financial situation, meaning he was unable to pay.

I've asked Mr P to provide further evidence. He has explained that he was working between the following dates:

- *January 2021 until June 2024*
- *January 2025 until March 2025*
- *July 2025 to date*

Mr P explained that after losing his job in June 2024, his financial difficulties started and it wasn't until February 2025 that he made arrangements with other lenders, after he received his first salary from his new employer.

I also note that around the time Creation applied the fraud prevention marker it carried out a credit search. A copy has been provided and Mr P has provided a more recent version. This information from Creation showed:

- *Mr P's mortgage account was two months in arrears;*
- *Four of his credit card accounts were in arrears, one by two months and three by five to six months. The combined balances were over £30,000; and*
- *Two communication accounts had two to three missed payments and one utility account had two missed payments.*

I think it's fair to say that this painted a picture of someone who was struggling to maintain their existing financial obligations on accounts that prior to mid-2024, around the time the first payment was due under his agreement with Creation, had been well maintained, with payments, on the whole, being made when they were due. I think that this shows that Mr P was suddenly experiencing financial difficulties across a range of his accounts, including his mortgage account which is a priority

debt, rather than Mr P having no intention to repay the debt. I think this evidence is enough to show that Mr P didn't intend to not make the payments due, but that he was simply unable to, as he had become unable to maintain payments on most of his other accounts.

Whilst I appreciate that it doesn't seem that Mr P told Creation about his financial difficulties at the time of the payments becoming due, I think that when Mr P shared with Creation the events that led him being unable to make the payments due under the agreement, in January 2025, it ought to have reconsidered whether Mr P's intention was to not repay the debt, or whether something else had prevented him from doing so, and as such whether the marker had been fairly applied. Had Creation done so, I think it would have fairly concluded that whilst it applied the marker fairly based on what it knew in October 2024, the new information showed it was not an accurate reflection of Mr P's intention, and so ought to have arranged for it to be removed as part of the complaint resolution, in March 2025.

In addition, prior to Creation issuing its final response letter, and soon after he made the complaint, Mr P set up a repayment plan with the debt collector for the agreement. Under which he has agreed to pay £5 a month for 12 months, and has begun to make those payments. I think this further demonstrates that Mr P didn't intend to not repay the loan.

So whilst I don't think it was unreasonable for Creation to apply the fraud prevention marker, I think it would now be fair for it to be removed. Mr P has explained more about the impact the issue has had on him including having his accounts closed, being unable to open a bank account and losing a job. Given that I don't think Creation acted unfairly up until March 2025, given what I've said above, I can't hold it responsible for any impact the marker had on Mr P before then, which includes his accounts being closed in late 2024.

I can see that Mr P opened a basic bank account in July 2025, after another basic bank account had been closed in early 2025. Given he was able to successfully apply for an account in July 2025, with the marker being applied at that time, I'm not persuaded that the marker was the reason why Mr P was unable to open a bank account. I also haven't seen sufficient evidence to show that the marker was the reason why Mr P lost his job. Mr P could have lost his job for a variety of reasons and he confirmed he got a new job in January 2025, when the marker was applied, as such I can't fairly hold Creation responsible for this.

Mr P has also explained the marker prevented him from selling his house, downsizing and clearing his debt. I can't be sure that Mr P would have been able to take this action, had it not been for the marker, as there are a variety of factors that could impact this. And given that arrears on the other accounts Mr P had at the time, was likely to have a detrimental impact on his ability to get credit, so I'm not persuaded that the marker alone had prevented Mr P from doing what he intended to.

That being said, I think the marker has remained for around a year longer than it ought to have done, given that I think had Creation explored what Mr P told it in January 2025 about his circumstances, it ought to have removed it back then. I think this has caused Mr P some avoidable distress and inconvenience, particularly with having to try and resolve the matter and deal with the worry of it having an impact for six years. To recognise the impact this had on Mr P, I think it would be fair for Creation to pay him £200 compensation.

For completeness, I've also thought about whether Creation treated Mr P fairly when it brought his agreement to an end. The relevant guidance, set by the Information Commissioner's Office (ICO), sets out that a default may be registered, when a consumer is at least three months in arrears. Creation sent a Default Notice to Mr P in September 2024, when the agreement was at least three months in arrears and as such I can't say that Creation acted unfairly. As the payment required to satisfy the Default Notice was not paid by the deadline, I don't find that Creation treated Mr P unfairly when it defaulted and terminated the agreement, or when it instructed debt collectors.

Whilst I appreciate that Mr P says he didn't receive any letters from Creation, I have seen evidence to show they were sent. And given all of the information Mr P provided about his circumstances at the time, it doesn't seem he would have been in a position to make any repayments, or make the payment to satisfy the Default Notice.

Overall, I don't think Creation treated Mr P unfairly by applying the fraud prevention marker, given Mr P had not made payments due and had not responded to communication about the arrears. However, when Mr P got in touch in January 2025 and explained his financial difficulties, I think Creation ought to have explored that more and if it had done so I think it ought to have reached the conclusion that the fraud prevention marker was being applied unfairly, as it seemed it was Mr P's financial situation that meant he was unable to make payment, rather than him not intending to not make payment at all. To put things right, I intend to say that Creation should:

- promptly remove the fraud prevention marker in Mr P's name; and*
- pay £200 in compensation to Mr P."*

Creation agreed, however Mr P did not. Mr P agreed that the fraud prevention marker should be removed, but he did not feel that £200 was a fair level of compensation. As such, the complaint has been passed back 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 considered Mr P's response to my provisional decision but I've not seen anything to cause me to depart from the conclusions I reached.

I can appreciate that Mr P feels strongly that the fraud prevention marker has had a great impact on him, including that his bank accounts were closed, which caused him financial hardship and embarrassment. He also explained it resulted in family members having to support him, and paying for insurance in full for him. He feels Creation ought to have done more when he got in touch and explained his financial situation.

I considered this information when making my provisional decision and whilst I can appreciate why Mr P feels more compensation should be awarded, I have carefully considered the impact on him and I consider £200 compensation to be fair, for all of the reasons previously set out. It's not in dispute that Creation could have done more sooner, nor is it in dispute that this has had an impact on Mr P, but as he was able to open bank accounts during that time and gain employment, and considering all he has said, I consider £200 to be a fair amount to compensate him for the avoidable distress and inconvenience caused to him.

It follows then my final decision is the same as my provisional decision above.

My final decision

My final decision is that I uphold this complaint and direct CREATION CONSUMER FINANCE LIMITED to:

- promptly remove the fraud prevention marker in Mr P's name; and
- pay £200 in compensation to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 May 2026.

Daniella Roberts
Ombudsman