

## **complaint**

Miss N complained that Creation Financial Services Limited blocked her credit card account, and has refused to unblock it.

## **background**

Creation gave Miss N a credit card but she soon fell into arrears and exceeded her credit limit. After eight months, it blocked the account. This meant she couldn't access her online account and she couldn't use her card. Creation also stopped sending her statements.

When Miss N contacted the business, she said it told her if she paid £100 the account would be fine. She said it told her the money was needed to bring the account 'up to date'. During this call she explained she received her salary just after the payment due date. She asked to change the due date to after her payday. Creation said it couldn't do this.

In January, Miss N missed her monthly repayment completely. She paid late for the next three months. But this included the £100 requested. The arrears, late payment charges and the outstanding balance took her over her credit limit.

Creation blocked the account on 22 April 2017 and asked her to repay the outstanding balance in full.

At the end of April, Miss N called Creation and asked for her card to be unblocked. Creation refused but an agreement was reached that it would be unblocked if Miss N made six monthly repayments on time.

Miss N made the monthly repayments and asked for the card to be unblocked. Creation refused as some payments were received late.

Miss N complained that she didn't get statements anymore. This meant she didn't know how much was due or when to pay it.

Creation said she was sent letters to tell her what she owed instead of statements.

Miss N thinks it's unfair that her account remains blocked because she'd made the payments requested. She complained to this service. An adjudicator considered her complaint.

He thought Creation had been reasonable. He said it had the right to demand full repayment after the account became overdue; and Creation agreed she could have time to pay. Further, it said it would reinstate the account if six payments were made on time. The adjudicator agreed with Creation. The payments were late so the account should stay frozen.

Miss N complains she has made the payments and wants to use the account. She has asked an ombudsman's final decision.

## **my findings**

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

Creation and Miss N have different views about why she had to pay £100. By paying it, she thought she could resume using the account as normal. Creation says it would bring the account up to date.

On balance, I think Creation meant the £100 payment would make up for the missed payment and bring the account within the credit limit. But Miss N was still over her limit (by a very small amount) after she paid it because of the charges made for late payments. This meant she still couldn't use the card without exceeding her limit.

I feel it was reasonable for Creation to block the account, as Miss N was struggling to run it.

In January she missed her payment. She exceeded her agreed credit limit from February to May. And her payments were late. The Terms and Conditions of Creation's agreement with Miss N make it clear it can end, restrict or suspend her right to use the account in these circumstances.

And I think Creation was being fair after it blocked the account, as no more transaction charges were made. And interest was suspended. Further Miss N didn't find her debt increasing.

Miss N did make monthly payments for six months, and more. They were late. And Creation was within its rights to keep the account blocked. It's fair as interest is not charged.

I asked if the evidence supports Miss N's claim she didn't know the due dates or the amount to pay. Certainly statements stopped after the account was blocked. The records Creation sent to this service go up to May. It hasn't provided copies of letters sent to Miss N. And, because of this, it's unclear if Creation sent regular letters after it blocked the account.

On balance, I think letters were sent. After April, Miss N paid amounts in 'round pounds' for some months. In others she paid 1% of her reducing balance. This suggests to me that she was being told the minimum amount to pay.

Further, she has said payments were due on or around the first of the month. And she asked for the payment date to be moved. On this basis I think she knew the due date with or without a letter.

Regardless, I think her inability to pay on time ties in with her payday; the sixth of each month. She raised this as the problem with Creation. And her (late) payments in September, October and November were all made on her payday.

I considered whether it was fair of Creation not to change her due date when she asked it to. Creation said it couldn't do this and the adjudicator accepted this. I asked Creation if there was an option to close the account and reopen it with a different due date. There is not.

Creation explained that all customers, with the same type of card as Miss N, get statements on the same day of the month as each other. This means all of the due dates are the same regardless of when the account was opened and how it is set up. I'm afraid I don't have the power to tell Creation to change its system.

For the reasons stated above, I agree with the adjudicator that Creation has been fair and reasonable in its dealings with Miss N.

I'm sorry this will be disappointing for Miss N but I hope the reasons for my decision are clear.

**my final decision**

My final decision is that I'm not asking Creation Financial Services Limited to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 9 April 2018.

Richard Houlbrook  
**Ombudsman**