

complaint

Mrs P complains about the interest charged by Creation Financial Services Limited in relation to her credit card account.

background

In January 2018, Mrs P took up a balance transfer offer of 0% interest for 12 months and transferred £895 to her credit card account with Creation. Creation added a fee of £26.85 to the account. So, the balance transferred and the fee amounted to £921.85.

Up to the date of the next statement on 10 February 2018, Mrs P made purchases amounting to £1,237.18. So, the balance of the account was £2,159.03.

On 28 February 2018, Mrs P paid £1,264.03, which was the amount of the purchases and the fee. In March 2018, Mrs P received a statement and was surprised to see an interest charge of £24.28. She thought she'd paid enough to avoid interest. Creation says it has charged Mrs P correctly.

Mrs P says that the terms and conditions of the balance transfer deal weren't clear. She wants a refund of interest.

Our adjudicator thought that Creation had dealt with Mrs P's complaint fairly. She said that the offer letter said that Mrs P would only enjoy interest free card purchase if she cleared the full statement balance every month. So, Creation charged her interest of £24.28 on the purchases she made, as she hadn't repaid the full balance of £2,159.03. The adjudicator didn't think that Creation had made an error or treated Mrs P unfairly.

Mrs P didn't agree with the adjudicator. She said that she paid enough to cover her purchases: the remaining balance - apart from the fee - was a transfer, which shouldn't attract interest for 12 months.

As there was no agreement between the parties, the complaint was passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I don't propose to uphold Mrs P's complaint. I'll explain why.

The offer letter to which Mrs P responded included the following:

"Remember, if you take advantage of this offer you will not be charged interest on the Balance Transfer for the 0% period. However, you can only enjoy interest free card purchases if you clear the full statement balance each month."

I think that was clear.

The account terms and conditions, which were available to Mrs P at the relevant time, include the following:

“We will not charge interest on Standard Purchases shown on your Statement if you pay off the whole Outstanding Balance shown on that Statement, and on the Statement before, by the payment due date shown on your Statement.”

Mrs P didn't clear the full statement balance, which includes the balance transfer. So, Creation charged her interest on her purchases. It was entitled to do that and I don't think it treated Mrs P unfairly in doing so.

I'm sorry to disappoint Mrs P but there's no basis on which to direct Creation to refund interest.

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 Mrs P to accept or reject my decision before 6 December 2018.

Louise Povey
ombudsman