

complaint

Mrs D complains about the way that Creation Financial Services Limited has dealt with her account.

background

Mrs D had an account with Creation Financial. When it was closing her account it incorrectly sent her a cheque which she cashed. Creation Financial asked her to repay the amount of the cheque but she was unable to do so, so she complained to Creation Financial. She was not satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. She concluded that Creation Financial should stop all interest on Mrs D's account and allow her to repay the outstanding amount with no further interest being added. She concluded that it should also reduce her balance by £50 (in addition to the £50 reduction already made) and remove all charges from the account from March 2012 (which she understood had been done) and that Mrs D's credit file should not be adversely affected.

Mrs D says that the outstanding balance should be written off and the account closed. Creation Financial says that it will accept payment of the outstanding balance at a rate of £5 each month but that it would record a payment plan on Mrs D's credit file. It also says that, if any payments are missed, the interest rate for the account would revert to 34.9%.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Creation Financial accepts that it made an error in paying the cheque to Mrs D. However, I consider it to be fair and reasonable for it to require her to repay the amount of the cheque. Creation Financial has agreed to reduce the outstanding amount to £82.92 which would be repayable at a rate of £5 each month for 17 months. I consider that to be fair and reasonable.

I do not consider it to be fair and reasonable for it to record the repayment plan on Mrs D's credit file or for it to apply an interest rate of 34.9% if Mrs D should miss a payment.

my final decision

For these reasons, my decision is that I uphold Mrs D's complaint in part. In full and final settlement of her complaint, I order Creation Financial Services Limited to:

1. Adjust the outstanding balance of Mrs D's account to £82.92.
2. Allow her to repay that balance, interest free, at a rate of £5 each month.
3. Remove any adverse information that it has recorded on Mrs D's credit file relating to the account since March 2012 and ensure that it does not record any further adverse information on her credit file about these arrangements, including that she has entered into a repayment arrangement with it.

Jarrold Hastings
ombudsman