

## **complaint**

Mrs N acquired goods using a Buy Now Pay Later (BNPL) fixed sum loan agreed with Creation Financial Services Limited. She complains that Creation failed to collect the loan repayment from her bank account before the end of the interest free period, and that Creation then told her she has to pay interest on the loan. She wants Creation to agree that she should not have to pay interest.

## **background**

The interest free period ended on the last Friday of the 10<sup>th</sup> month after the loan was agreed, and the interest free repayment was just under £1,150. Mrs N said she made a significant deposit into her bank account on the last Tuesday of that month, and provided evidence to show this took her balance to over £2,000. She added that she expected Creation to take the interest free repayment by direct debit.

When no payment was taken, and interest was applied to her loan account, Mrs N initiated the repayment (see below) and complained to Creation. It sent a final response letter to her, saying:

- Interest was applied because it had not received the repayment before the end of the interest free period
- A reminder letter had been sent to her at the end of the 9<sup>th</sup> month, telling her the amount to be repaid (before the end of the interest free period, if she wished to do so) and the options for making this payment
- Payments would be taken by direct debit only after the end of the interest free period
- It would not be upholding her complaint

Mrs N referred her complaint to us. She said she did not receive a reminder letter, telling her that she had to initiate the repayment (before the end of the interest free period, if she wished to do so) – she thought the repayment would be collected from her bank account.

Our adjudicator did not think the complaint should be upheld. She did not feel that Creation had acted unfairly by applying interest to Mrs N's loan account.

Mrs N initiated the repayment when she realised that Creation had not collected, and the funds were received in her loan account on the first day of the 11<sup>th</sup> month. Taking into account the interest applied, her account's balance was then just over £900.

Following our involvement, Creation offered (at the beginning of the 13<sup>th</sup> month) to reduce the balance to just under £450, providing the account was settled by the beginning of the 14<sup>th</sup> month. Our adjudicator asked Mrs N to consider this offer.

Mrs N wrote to us at the beginning of the 14<sup>th</sup> month, restating her complaint and asking for it to be reviewed by an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where evidence is incomplete, inconsistent or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

Creation wrote to Mrs N, saying that it sent her a reminder letter and enclosing a copy for her reference. Mrs N said that she did not receive the letter. If the letter was sent, then I could not conclude that interest had been applied unfairly. Based on the available evidence and on balance, I am unable to find that Creation did not send the letter.

Therefore, I find that I have come to the same conclusion as our adjudicator, for the same reasons.

**my final decision**

For the reasons explained above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs N to accept or reject my decision before 11 March 2015.

Roy Mawford  
**ombudsman**