

complaint

Mr and Mrs A complain that Creation Financial Services Limited declined transactions on a credit card facility Mr A held with it when they were away on holiday, despite the fact they'd told it they would be away.

background

In March 2017, Mr A took out a new credit card. Mrs A was also able to use the account as an additional cardholder. Mr A says the card was attractive because it had no transfer fees from sterling to dollar.

In August 2017, Mr and Mrs A went abroad on holiday. Mr A says that he let Creation know that he would be travelling and Creation agrees it was aware Mr and Mrs A were going to be away. But when Mr and Mrs A used their card on holiday some transactions were declined. Mr A has said the card would work sometimes, but not others and that it was a nightmare for him and his family and he felt incredibly embarrassed. Mrs A also experienced the same problems when using her card.

Mr A has said that he contacted Creation while he was on holiday to sort things out but it wasn't made clear to him why the card was being declined in some places but not others. He added that on one occasion he was told the card would work, he tried it while he was on the phone to Creation and it still declined.

Creation has said that some of the transactions declined due to the amount being more than the £30 contactless limit. Mr A has told us he wasn't aware of the limit – Creation has told us details of the contactless limits were given to Mr A when he first took the card out.

Other transactions were stopped by its automated fraud prevention systems – Creation says security is a high priority and it endeavours to safeguard its customers against misuse of their cards, so it didn't think it had done anything wrong in declining the transactions.

Creation did acknowledge that during a call it had with Mr A one of its agents didn't correctly identify a number of declined transactions. It apologised for this and offered £60 for the inconvenience caused.

Mr and Mrs A were unhappy with Creation's response to their complaint – they didn't think the compensation went far enough to put things right for the embarrassment and stress caused. Mr A said he thinks he fulfilled his responsibility as a customer of Creation by letting it know he would be travelling.

Mr A brought his complaint to us and one of our investigators looked into things and didn't think Creation had done anything wrong in declining the transactions. But she didn't think Creation had done enough to make Mr and Mrs A aware that each contactless payment was limited to £30 – in view of this she recommended Creation pay a further £40.

Neither Mr and Mrs A or Creation agreed with our investigators opinion. Mr and Mrs A still didn't think this went far enough to compensate them for their experience. Creation disagreed that they hadn't sufficiently made Mr and Mrs A aware of the contactless payments limits - it thought the £60 it had already offered was sufficient.

I issued a provisional decision in October 2018 explaining that I intended to uphold this complaint. An extract from that provisional decision follows:

Although I appreciate Mr and Mrs A's frustration at the situation and I understand it must have been worrying to have transactions declined, I'm satisfied that Creation took reasonable measures when it blocked the card without notice through its fraud prevention systems. It is understandable that from time to time transactions will be checked before being authorised and it isn't unusual for this to happen. Notifying Creation of travel plans will make certain transactions less likely to be declined, but it's not possible to guarantee that no transactions will be declined.

It's not for this service to tell a business how to operate its fraud prevention systems, but the blocking of accounts for security reasons is something that a bank is entitled to do at any point if it has concerns – so I can't fairly say that Creation did anything wrong in blocking the transactions it did on the account.

But not all of the transactions that were declined were due to Creation's automated fraud prevention systems. I've seen a list of transactions on Mr and Mrs A's account and I can see transactions were also declined due to how merchants have processed payments which were greater than £30 in value – it would seem these are where an attempt to make a contactless payment has been made for a value exceeding the £30 limit for these type of transactions.

I can see that information provided to Mr and Mrs A about their credit card did show that there was a £30 limit on contactless payments. But from listening to the calls that Mr A had with Creation it also seems clear to me that Mr A was unaware of this - and didn't understand why some transactions were declining and others weren't. I note that the country where Mr and Mrs A were does have a higher contactless payment limit than the UK - which probably didn't help in terms of making things clear. But Creation has said that the UK limit of £30 would still apply. Creation has said that during a call on 14 August one of their agents didn't identify some pending transactions that they should've and for this error it has offered £60. I've listened to the call Mr A had with Creation on 14 August and also an earlier call from the 12 August. It's clear to me from these calls that Mr and Mrs A are experiencing problems when trying to use their cards abroad.

I haven't heard during those calls that the agents they spoke to have been able to give Mr and Mrs A any clear indication as to why they might be having these problems, or offer any reasonable alternative solutions that may have assisted them. From looking at Mr A's credit card statements it seems that Mr and Mrs A were using the credit account without any problems from 28th July – it wasn't until 10th August that the first declined transaction happened. So I can understand why Mr and Mrs A would have been worried about this, they've explained they were concerned about whether they'd be able to pay for food and petrol. I think it was reasonable for them to have expected a clear explanation as to why they were experiencing these issues when they spoke to Creation.

During the call on 12 August Mr A is told his card isn't blocked and he should be fine to use it – an explanation given to him for previous transactions declining being that it may have been due to a problem with the card reader. Mr A also explains during this call that he'd received a message explaining that the card had declined due to his PIN being entered incorrectly three times, but Mr A tells the agent that he wasn't asked to enter a PIN.

I think Creation should've done more to work out and understand why the cards were declining, as I can't see that the explanations given to Mr A have been clear. Had Mr and Mrs A been better informed as to why the cards were declining I think it likely they would have had the opportunity to

avoid further embarrassment in their card being declined – I think there was also an opportunity to explain the contactless limits to Mr and Mrs A at this stage.

When Mr A called Creation on 14 August he explained he was at the airport waiting for his flight home – he wanted to use his card, but was worried that it might decline. The agent suggested that Mr A try to make his purchase while on the phone to Creation – Mr A did this but the card declined on two occasions. Considering that Mr A was on the phone to Creation and it could see there was sufficient credit, the card wasn't blocked and it seemed there was no issue - I think Creation could have done more to have assisted Mr A in getting this transaction through. Mr A was unable to make the transaction using his credit and he's explained this was very embarrassing. The agent suggested to Mr A that he try using the card in a different district, which I don't think was overly helpful considering Mr A had explained he was about to fly home.

I'm satisfied that the service Mr and Mrs A received from Creation was below the standard they were entitled to expect. I think Creation should have been able to more clearly tell Mr and Mrs A the specific reasons for why the cards were declining - this should've happened at the time, rather than after the event when they couldn't do anything about it. This may have helped them with how they were using their cards while away and avoided them being embarrassed and worrying.

Overall, in all the circumstances I don't think Creation has done anything wrong with regards to the transactions being declined. But I think the lack of support and incorrect information Mr and Mrs A received from Creation did cause them upset, preventable embarrassment and the problems they experienced would have detracted at times from the enjoyment of their holiday. So I'm intending to order Creation to pay Mr and Mrs A £90 in addition to the £60 that it's already offered.

Since my provisional decision Creation has responded and said it didn't have any further comments or evidence for me to consider. Mrs and Mrs A disagreed with my provisional decision and highlighted the points they wanted me to take into consideration before coming to a final decision.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so my conclusions and what I order Creation to do remain the same.

I'd like to assure Mr and Mrs A that I've reviewed the points they've raised since my provisional decision carefully and taken them seriously. They largely reiterate the arguments made before and that I took into account before I reached my provisional decision. So while I know it will disappointment them, they haven't changed my decision.

I can appreciate Mr A's strength of feeling when he says he did his due diligence before travelling. But, as I explained in my provisional decision, notifying a business of an intention to travel isn't a guarantee that no transactions will be declined.

Mr A has said that he was not trying to make contactless payments and that the card was put in a reader and the PIN entered correctly. But from the internal records Creation has provided, I've seen it does indicate some declined transactions for contactless payments - due to them being in excess of the limit allowed for contactless payments.

I can understand that Mr and Mrs A feel upset about what happened and they felt embarrassment when their cards were declined. It's for this reason and for the reasons I've explained previously that I uphold their complaint. I think Creation could have done more to support Mr and Mrs A when they were experiencing the problems with their cards being declined – and I think it's fair that Creation pay Mr and Mrs A £90 in addition to the £60 that it's already offered.

my final decision

My final decision is that I uphold this complaint and Creation Financial Services Limited must pay Mr and Mrs A £90, in addition to the £60 that it's already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 28 December 2018.

Stephen Wise
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