

complaint

Mr F complains that Creation Financial Services Limited ('CFS') should have defaulted his account sooner and he'd like CFS to remove interest and charges added unfairly to his account.

our initial conclusions

Our adjudicator agreed that CFS didn't default the account when it should have done. CFS says it followed its system and doesn't agree. So the complaint has been referred to me.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mr F and the business have provided.

It appears that although CFS became aware that Mr F was in financial difficulty in 2008, it agreed a series of payment arrangements with him after that - before it defaulted his account in 2013.

Lenders must respond positively and sympathetically to a customer in financial difficulty. But I can't fairly and reasonably say that CFS did so here. I think it wasn't helpful that CFS didn't default his account when Mr F failed to make his contractual repayments for six consecutive months in 2009. And the interest and charges CFS added on after that means Mr F now owes more than he did then – even though he made some agreed repayments to the account - which is unfair on Mr F.

So, I agree with the adjudicator that CFS should now take steps to put Mr F into the position he would have been in had CFS defaulted his account when it should have done.

For these reasons, my decision is that I uphold this complaint as set out overleaf.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr F either to accept or reject my decision before 16 February 2015.

Susan Webb

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

In settlement of this complaint, Creation Financial Services Limited should:

- backdate the default notice to 28 July 2009, and
- amend Mr F's credit file accordingly, and
- refund to his account all interest and charges incurred since 28 July 2009 (minus the payment of £1203.45 if this has already been refunded to his account).

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.