

## **complaint**

Mr R complains about Creation Financial Services Limited (“Creation”) for applying a late payment charge to his credit card and cancelling his interest free offer on his balance transfer. He wants Creation to refund the interest and late payment fee, to reinstate his interest free offer, and to pay him compensation for his inconvenience.

## **background**

Mr R held a credit card with Creation. This card applied a promotional offer of 0% interest on balance transfers.

In December 2017, Mr R made his monthly repayment on the due date. This payment did not clear immediately and Mr R incurred a late payment charge on his card. Creation also ended his 0% interest on balance transfers.

Mr R contacted Creation and appealed this outcome. As a goodwill gesture Creation refunded the late payment fee and reinstated his balance transfer offer. At that time, Creation explained that customers needed to allow for clearing times of up to 5 working days, depending on payment method, in order to avoid late payments.

Mr R made his next few payments on time.

Mr R received his March 2018 credit card statement which set out that his minimum payment deadline was 10 April 2018.

On 10 April 2018 Mr R made his payment by BACS.

That payment did not clear with Creation until 12 April 2018. Creation applied a late payment fee to Mr R’s account and cancelled his interest free offer.

Mr R complained to Creation in June 2018. Creation sent him its final response in August 2018. It rejected his complaint on the basis that the clearing times were set out on his statements, and the terms and conditions of his card allowed Creation to revert to standard rates of interest if customers broke the agreement.

Mr R was not happy with this view and contacted us.

One of our adjudicators has looked into this matter and set out his view to the parties. This was that Creation was entitled to rely on the clearing times it had advised Mr R about, and that the terms allowed Creation to cancel his promotional rate in the case of late payment. He therefore did not recommend that Creation do anything further.

Mr R was not happy with this and asked for an ombudsman decision. He has pointed out that Creation detailed his payment on his April statement as having been made on 10 April and so he feels it is inconsistent for Creation to treat the payment as late.

## **my findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

I understand Mr R's disappointment that when he made his payment on the due date he has still been treated as having paid late, especially when many of his payments made by BACS are received instantly, however I agree with the adjudicator's view.

Creation provided information on the monthly statements about how payment could be made. This set out that if paying online by debit card customers should allow up to 3 working days for payment to reach the business, and if paying by internet or telephone banking then 5 days should be allowed.

I appreciate that many transactions will credit immediately, or soon after payment, but Creation had specified that payment needed to reach them by the deadline, and that payment methods differ in their clearing times. In addition, Creation had personally advised Mr R of the clearing times, and that payment needed to be made allowing time for payments to clear, when he had encountered the same situation a few months earlier.

As a result, I think that Mr R was on notice that Creation required payment to clear by the deadline, that BACS was not immediate, and that if payment was made late then Creation would, in line with its terms and conditions, revert to the standard rate of interest rather than any promotional rates. It was therefore Mr R's responsibility to ensure that he made his payment in good time, or risk that it would not clear in time.

I think it was appropriate of Creation to reverse its decision as a goodwill gesture in December 2017, but I do not think it was then obliged to give further goodwill gestures when the late payment was repeated.

As a result, I do not think that Creation has acted unreasonably and I do not uphold Mr R's complaint.

Mr R feels that it was inconsistent of Creation to detail the payment date as 10 April on his statement, but Creation has explained that it uses the payment made date for the purposes of calculating interest. I think the other information on the statement is sufficiently clear about clearing times that this is not inconsistent.

### **my final decision**

For the reasons set out above, I do not uphold Mr R's complaint and do not ask Creation Financial Services Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 May 2019.

**Laura Garvin-Smith**  
ombudsman