

complaint

Mrs B complains about a store card account she has with Creation Financial Services Limited and is unhappy that interest and charges are being applied to her account even though she is in financial difficulties.

our initial conclusions

The adjudicator recommended the complaint be upheld. He did not think adding interest to the account was treating Mrs B in a positive and sympathetic manner. He also thought it unreasonable for Creation to keep writing to Mrs B, instead of her debt management company. He recommended Creation refund the interest applied since April 2007 and pay her £100 for the distress and inconvenience caused.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mrs B and the business have provided. Having done so, I have upheld this complaint.

As the adjudicator has explained, this Service can only consider the events that have taken place since 6 April 2007 and we have no power to consider things that happened before then. It seems clear to me that Creation knew that Mrs B was in financial difficulties well before April 2007. It is also clear that Creation should have known the extent of the financial difficulties and that there was little prospect of any significant change. It is not entirely clear why Creation has charged interest on and off but Mrs B was paying less than £2 each month and the interest was in the region of £5 - £6 when applied to the account. Having considered the circumstances here, I do not think Creation has treated Mrs B in a positive and sympathetic manner by charging the interest on the account. It should therefore refund the interest that has been applied since 6 April 2007. Mrs B is also unhappy about the amount of letters and demands for payment she has received from Creation. As Creation was aware that Mrs B was in a debt management plan it would have been reasonable to expect it to contact the debt management company instead of Mrs B. I agree with the adjudicator that Mrs B has been caused distress and inconvenience and Creation should pay £100 in respect of this.

My final decision is that I uphold this complaint and I have set out my award overleaf.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs B either to accept or reject my decision before 25 June 2013.

Mark Hollands
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

I order Creation Financial Services Limited to:

- refund any interest, and charges, that have been applied to the account;
- ensure no further interest or charges are applied until there is a significant change in Mrs B's circumstances;
- arrange for Mrs B's debt management company to be the main point of contact on the account; and,
- pay Mrs B £100 for the distress and inconvenience she has been caused.

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.