

complaint

Mr A complains on behalf of Mr H that Creation Financial Services Limited continued to send letters and make telephone calls requesting payment when it had been advised that Mr H was experiencing financial difficulties. He's also unhappy that interest continued to be charged to the account.

background

In February 2014 Mr H opened an account with Creation and was given a credit limit of £2000. This was increased to £2600 in October 2016.

In December 2017 Mr H contacted Creation and made it aware that he was experiencing financial difficulties.

In January 2018 Mr H provided authority for Mr A to act on his behalf. Mr A wrote to Creation on several occasions but didn't receive a response to all of his letters. Creation continued to contact Mr H directly.

Mr A wrote to Creation in January 2018 explaining the extent of Mr H's financial and medical difficulties. Creation continued to charge interest to the account.

Mr A wants Creation to stop contacting Mr H directly. He also wants Creation to stop charging interest to the account and provide the information he's requested.

In its final response, which was issued after the complaint was made to this service, Creation said that because it had been told about Mr H's difficulties in December 2017, it would remove all interest and charges from that date onwards. It also said it would accept 20% of the balance in full and final settlement.

Mr A said he was unable to accept the settlement offer was fair until Creation provided him with further information about the account.

Our investigator upheld the complaint and said Creation could've done more to help Mr A and that the settlement offer was fair. The investigator also said that Creation should provide the information Mr A had requested and stop contacting Mr H directly.

Mr A didn't agree. He said the settlement offer wasn't fair because he had previously offered 20% in full and final settlement but Creation had refused to accept it and had continued to pursue Mr H causing him distress. He also said that other creditors had agreed to write off Mr H's debt.

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've considered how Creation treated Mr H when he told it he was experiencing difficulties. When a consumer gets into financial difficulties, a business should treat them in a positive and sympathetic way, in line with the relevant guidance.

Mr H contacted Creation in December 2017 to let it know he was experiencing difficulties. It's not clear how much information Mr H provided but by January 2018 Mr A had contacted Creation on behalf of Mr H and had provided full details of his financial and medical difficulties.

I would have expected Creation to have contacted Mr H (or Mr A) to discuss the situation and see what could be done to get the account back on track. I can't see that this happened. So I think Creation could have done more at this stage. In January 2018 I can see that Creation placed a 30 day hold on the account but I can't see that any steps were taken to see whether an affordable plan could be put in place for Mr H.

I've reviewed the correspondence which was sent to Mr H at this time. Even though Mr A had authority to act on behalf of Mr H, Creation continued to send letters to Mr H asking him to provide details about his financial situation. This should not have happened.

I can also see that after the expiration of the 30 day hold, interest continued to be charged to the account. Whilst there's no obligation on Creation to freeze interest, I would've expected it to respond to Mr H in a positive and sympathetic way. I can't see that it did this.

In the meantime, Mr A had written several times to Creation seeking further information. A number of these letters weren't answered.

In the circumstances I think Creation could've done more to help Mr H. In response to this complaint, Creation has removed all interest and charges since December 2017. It has also offered to accept 20% of the remaining balance in full and final settlement.

I appreciate that Mr A doesn't feel that the settlement offer is fair. He says that Creation previously refused to accept an offer of 20% of the balance. Whilst this has undoubtedly been a distressing time for Mr H and his family, there's no obligation on a business to accept less than the full balance owed. Nor is there any obligation to write off a balance simply because a customer is experiencing financial difficulties, or because other lenders have responded in this way.

On balance, and taking into account all of the circumstances of the complaint, I think Creation could have done more to help Mr H when he told it about his financial difficulties. If Creation hadn't offered to waive charges and interest already I would be asking it to do so. To resolve the complaint now I think the settlement offer of 20% is fair.

my final decision

My final decision is that I uphold the complaint. Creation Financial Services Limited should:

- Accept 20% of the balance (£506.26) in full and final settlement of the debt
- Provide Mr A with the outstanding information he requires in relation to the account
- Update its systems to make sure that Mr H isn't contacted directly about the account

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 August 2019.

Emma Davy
ombudsman