

complaint

Mr O complains about Creation Financial Services Limited applying charges on his credit card account. He's also said the information Creation gave him about interest charges is misleading.

background

Mr O has a credit card with Creation. His credit card bill was due to be paid on 27 February 2017. Mr O made three payments to his credit card. Creation didn't receive the payment until the following day. So it applied an interest charge to Mr O's account because the balance hadn't been paid in full by the due date.

Mr O's unhappy that he's been charged interest despite making payments to his card on the day the balance was due. He doesn't think this is fair. And he wants Creation to refund the interest.

One of our investigators looked at the complaint. She felt that Mr O's statements explained if the balance wasn't paid in full and on time that he'd have to pay interest. And she thought the statements gave Mr O clear information about how long it took for Creation to receive payments.

Mr O disagreed. He maintained that Creation hadn't been fair in how it had applied interest charges to his account. So the complaint has come to me to decide.

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'm sorry to disappoint Mr O, but like the investigator, I'm satisfied Creation has treated him fairly. And I'll explain why.

The terms and conditions of Mr O's credit card say Creation will send him a statement each month. And that he needs to make the minimum payment on time. They also highlight that any payments Mr O made would only take effect once they'd been cleared.

Mr O's February 2017 statement said he needed to make a payment by 27 February 2017. The statement also contained information about how he could pay and how long this might take to be received. Mr O has said that he always makes payments to his credit card via on line banking. For on line payments the statement says Mr O should allow three full working days for payment to reach Creation.

Mr O made his payment on the same day his payment was due. I think it was clear from his statements that this meant there was a risk his payment might not be received by the due date. Creation didn't receive Mr O's payments until a day after it was due on 28 February 2017.

The terms and conditions of Mr O's account say interest will be charged from the date of any transaction until it's paid off. I'm satisfied that Mr O's statements clearly explained that if the account is not fully cleared, interest will be charged on the average daily balance until full payment is made at the rate of 1.733%.

Mr O's statement balance for February was £9,752.81 and had a payment due date of 27 February 2017. Mr O made three payments totalling £7,489.56, which left an outstanding balance of £2,263.25. Mr O cleared the outstanding balance, after the due date, on 1 March 2017. So as the full balance wasn't cleared by the due date, Creation applied interest of £134.88 for February and £180.84 for March based on Mr O's average daily statement balance, totalling £315.72.

I've included a breakdown showing how Creation calculated the interest on Mr O's account with my decision. And I'm satisfied Creation has acted in line with its terms and statements in the way it's charged Mr O interest.

I acknowledge Mr O says Creation hasn't applied interest to his account fairly. And he's pointed to payments he made in September and October 2016 on the same day his payments were due, which didn't attract interest. But from looking at Mr O's statements I can see that on each of these occasions Mr O *cleared* his balance in full. So he wouldn't have been charged interest.

I appreciate Mr O will be disappointed with this outcome, but I can't fairly say that Creation was wrong to apply the interest rate to Mr O's credit card balance when it did. And I don't think the information it gave him was misleading.

my final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 1 September 2017.

Sharon Kerrison
ombudsman