

complaint

Mrs O complains that Creation Consumer Finance Ltd misplaced payments she made to her account, which resulted in charges being imposed and adverse credit information being recorded. She also complains about the response when she contacted the business about her concerns.

background

Mrs O made payments to her account by standing order. A number of payments were not credited to her account, she was told she was in arrears and adverse credit information was recorded. When she complained, Creation said that the issue had arisen because she had not given the account reference when making the payments, so they had gone into its suspense account. It reallocated the payments and agreed to amend her credit record to show that she had been paying on time. But Mrs O's bank statement showed that the reference had been included with the payment. Mrs O describes considerable difficulties in trying to contact Creation and get matters resolved.

Our adjudicator recommended that the complaint was upheld. He pointed out that the agreement number had been on the statements and the payments which were put in the suspense account had the same reference details as the previous one which was allocated correctly. Creation had now agreed to offer Mrs O £125 in compensation, as well as making sure her credit files were corrected. He thought that was fair and reasonable. He noted that there was also an issue about a mortgage application. But to deal with that he would need confirmation from the mortgage provider that it was only because of the issue with Creation that the application had been refused.

Mrs O was pleased that she was exonerated, but felt that the offer of compensation was insulting in the circumstances. She referred to the time, energy and stress involved in dealing with this matter. She was particularly concerned about the incorrect information given to credit reference agencies, even when she had disputed the erroneous information. She said that was a breach of the Data Protection Act and defamation. Mrs O said that their financial adviser had provided evidence showing that the only reason their re-mortgage application had been turned down was the adverse information recorded by Creation. Once that was corrected her very poor rating had improved to excellent.

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 agree with the adjudicator that it seems to have been Creation's fault that the payments were not recorded on Mrs O's account at the time:

- Mrs O's bank statements show the correct reference against the missing payments;
- those standing order payments appear on her statements in exactly the same way as on others did which Creation did allocate to the correct account.

I can see that it would be frustrating for Mrs O to see that the payments had been made in the usual way, but to have Creation saying she was in arrears. It also seems that Mrs O suffered significant frustration trying to resolve matters with Creation. She describes particular difficulties with phone contact: her husband being troubled by repeated calls from

Creation about the “arrears” which they would not discuss with him, but her having problems being able to get through to the correct department to remedy matters (incurring about £12 in call charges). Then Creation rejected the complaint, saying she had failed to include the account references, though it did then reallocate the payments correctly and correct her credit record.

I can understand why the effect on Mrs O's credit record might be a significant concern. The mortgage adviser confirmed that it was Mrs O's credit record which had caused the problem with the mortgage application. Looking at her credit record before and after Creation corrected matters, it looks as though the Creation account was the key factor in that. However, the email informing Mrs O and her husband of the unsuccessful application seems to have been sent on 2 October, and by 7 October Creation had asked at least two credit reference agencies to show the account with a full clear payment history. It isn't clear exactly when a third agency (crucial to their application) was informed, but that had certainly happened by 25 November when Mrs O's credit record no longer showed any missed payments. As changes take a while to be registered, that correction may well have happened at the same time as with the other agencies, though Mrs O does not seem to have been given the same confirmation of that.

So while clearly the credit reference issue should not have occurred and it caused some further upset and difficulty, I cannot see that it would have caused any substantial delay to the mortgage application. From what the mortgage adviser said, it was only a decision in principle, and I have seen no evidence that Mrs O incurred any significant additional cost as a result.

Overall I think that the £125 compensation now offered is fair and reasonable in all the circumstances. I have not seen any mention of Creation imposing extra charges on Mrs O's account because of the mistake with allocating payments, but certainly it would not be right for any to have been imposed.

my final decision

My decision is that I uphold this complaint. In full and final settlement I order Creation Consumer Finance Ltd to pay Mrs O £125.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 15 February 2016.

Hilary Bainbridge
ombudsman