

complaint

Mr D complains that Creation Financial Services Limited made mistakes in dealing with payments from his account, provided poor customer service and wrongly applied charges.

background

The adjudicator did not recommend that CFSL do any more than it had already offered to. She looked at each part of the complaint in turn.

unauthorised payments from the account.

Mr D authorised a payment of £33.11 to a merchant on 11 August 2016. But he contacted CFSL to say that he was concerned it might apply further payments. He wrote on 26 August 2016 to ask CFSL to stop payments. But further payments of £32.44 and £34.70 were debited in September and October 2016. CFSL said that these were not made under a continuous payment authority or as a subscription. So it told Mr D that it could not stop the payments and that he should contact the retailer. It said that payments applied without his authority could be challenged on his behalf. It has agreed to refund the payments for September and October 2016. She said she thought that this was reasonable.

unauthorised charges applied to the account

Mr D said he did not agree that a payment he made for gambling should have been treated as a cash transaction. CFSL had applied a handling fee of £5 and charged interest (£0.30 in September 2016) which it applied from the date of the transaction. She said that this was in line with the terms and conditions of the account which stated that a 'cash advance' included gambling and betting. She noted that CFSL had refunded the £5 charge as a gesture of goodwill which she thought was fair.

prevented from using the card

Mr D wanted to make a time critical purchase on 18 September 2016. He tried to make this online several times but was unsuccessful. He phoned CFSL and is unhappy at the time it took before this payment was authorised. The adjudicator listened to his call with CFSL. She did not think that it was deliberately trying to block the payment, or implying Mr D was acting fraudulently. She noted that the manager had wrongly said that the first representative Mr D spoke to had asked him for details of the last five payments on his account. But she thought that this was a genuine mistake. She said that this service did not have a role in saying how a business should operate - so she could not say that it shouldn't have made additional security checks. CFSL had paid Mr D £35 in compensation.

complaint handling

CFSL had responded to Mr D's complaint within the expected timescale of eight weeks and there was then further communication with him before he referred his complaint to this service. She noted that in addition to the actions stated above it had also removed two late payment charges from Mr D's account.

Mr D did not agree. He said that the disputed payment was a continuous one and could have been stopped. He disagreed that he had drawn cash from the account and that his payment

could be treated as cash. He thought that CFSL had acted improperly by blocking his card and had dealt with his call badly. And he did not think that his complaint should have taken the full eight weeks to be addressed. He thought that the wrong conclusion had been reached.

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 noticed that Mr D had raised a point in his correspondence about the potential impact of the late payments to his account on his credit file. This was not part of the complaint he referred to this service. But I asked whether he wanted this to be looked at now. That's because I needed to let him know that although CFSL had removed the late payment charges it said it had not removed the related late payment markers. He said he did.

The adjudicator obtained copies of his statements. These showed the late payment charges on the November and December 2016 statements. She wrote to Mr D to say that these were not solely connected to the disputed payments described above. In October 2016 his direct debit payment was returned unpaid. And in November 2016 there was no attempted direct debit payment (suggesting it had been cancelled) and the minimum payment was not made. She said that the late payment charges were removed as a gesture of goodwill. But it was not wrong for CFSL to report late payment information.

Mr D did not agree. He said that the charges had been rescinded and so could not be the cause of any negative credit reference entry. He said that these had been caused by CSFL. So there was no basis for any negative entries and he said he would pursue this aspect.

I'm going to deal with this first. As I said above I thought it right that Mr D was alerted to the potential for negative entries on his credit record. I've not seen his credit record so I can't comment on what is recorded. The point is though that, as the adjudicator says, the minimum payment to his account was not received in either October or November 2016. The balance on his account was significantly higher than the disputed payments. So even though he had raised a complaint I'm afraid there was no basis I've seen for him not to make the payments. It seems that one payment failed in any event as his direct debit was not paid. I've not seen any evidence to suggest that there was a reason why reporting payments as late for these months would be inaccurate. I'm going to conclude that, for the purposes of what happened in this complaint and based on what I've seen here, the late payment charges were only removed as a gesture of goodwill and not due to any error. So I don't have a basis to require CFSL to make any change to his credit record.

The adjudicator has summarised the key aspects of the other parts of the complaint. I asked CFSL to provide me with evidence that the disputed payments were not made under a continuous payment authority. It provided with me with clear systems evidence to show this. So it was right to say that it could not stop these payments. I noted that it had not written to tell Mr D this until the day after the second payment was debited. So I understand why it refunded this charge without question. I'm not clear why Mr D suspected that the retailer would apply further payments - but this suggests that even if he had contacted it the result would have been the same. Unfortunately there was nothing to stop that retailer trying to use the card details to apply further payments. But CFSL said that these could be challenged when applied and that if Mr D changed his card this could prevent those details being used. I

appreciate why Mr D was unhappy at this - but as CFSL has offered to refund the payments I'm not going to ask it to do anymore.

I can understand why Mr D would not think that a gambling payment was necessarily cash. But that's what the terms and conditions of the card state. I think refunding the first of such charges was a reasonable offer here.

I don't have anything to add to what the adjudicator's said about the difficulty he had making a payment. His call lasted 35 minutes. I understand how frustrated he was about this. He was able to make the payment and has been paid compensation of £35. Our role is not to punish businesses and I think this is reasonable compensation.

I know Mr D will be unhappy that I don't think CFSL should do any more. I can't say it should have responded any more quickly to him than it did. In my view it's made a reasonable offer of settlement.

my final decision

My decision is that I do not uphold this complaint in the sense that Creation Financial Services Limited need do no more than it's already offered to do to resolve this complaint.

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

Michael Crewe
ombudsman