

complaint

Mrs C complains that she was mis-sold a Creation Financial Services Limited branded store card. She also complains about increases in the interest rate (APR) charged on outstanding balances. She complains as well that her credit limit has been raised on several occasions, even though she did not request these increases. She wants Creation to reduce the interest rate, and to write off the outstanding balance on her account.

background

Mrs C said:

- In 1993, she was pressured into taking out the card and important features of it were not explained properly to her
- In particular, she has been making minimum payments, but the implications of this on paying off the balance were not explained
- Increases in interest rates made it even more difficult to reach a position where she could close the account

In summer 2014, Mrs C complained to Creation. It sent a final response letter to her in October 2014, saying:

- It could not agree that she had been mis-sold the card
- She would have been sent variation notices each time the interest rate changed
- These notices would have stated that she could opt out of a pending increase by closing her account at the then current interest rate
- It could find no evidence that she had asked to take up this opt out arrangement
- It was unable to uphold her complaint

In November 2014, Mrs C referred her complaint to us. Our power to consider complaints about store cards began on 6 April 2007, which means we are unable to deal with things that happened before that date. In terms of this complaint, we cannot consider whether the store card was mis-sold in 1993, or changes to its interest rate and credit limit before 6 April 2007.

In relation to events from 6 April 2007 onwards, our adjudicator thought Creation's actions were permitted by the account's terms and conditions: that is, it had not acted in error. This meant she was unable to recommend that Creation should reduce the account's interest rate. She added that, as Mrs C had not declined the increases in the account's credit limit, it was reasonable to assume she was content to accept them.

However, our adjudicator noted that statements of Mrs C's account over the most recent six years showed that she had only made minimum payments, and that there were some missed payments. She also noted that, in 2009, Creation had refunded £100 of charges made to the account.

Following our involvement, Creation made a settlement offer to refund a further three years' worth of charges (£544), which would reduce the account's outstanding balance to around £830. Our adjudicator recommended this offer to Mrs C, saying it was fair and reasonable.

Mrs C did not accept Creation's offer, and asked for her complaint to be reviewed by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I agree with our adjudicator that Creation did not act outside the card's terms and conditions in the period from 6 April 2007. But I also share our adjudicator's concern about the way the account had been allowed to drift in a negative direction over the most recent six years.

In 2014, Creation invited Mrs C to contact its Financial Difficulties Department, if she was struggling to make repayments. It is unclear whether Mrs C is having problems, and there is no information to show that she has taken up this invitation.

However, taking all these circumstances together, I think that the offer by Creation to refund a further three years' worth of charges (which would reduce the account balance by about 40%) is positive and sympathetic, and represents an appropriate way forward. Therefore, I find that I have come to the same conclusion as our adjudicator, for the same reasons.

my final decision

For the reasons explained above, my final decision is that Creation Financial Services Limited should refund charges to the value of £544, applied to Mrs C's account.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs C to accept or reject my decision before 1 June 2015.

Roy Mawford
ombudsman