

## **complaint**

Mrs F complains that Creation Financial Services Limited continued to apply charges and interest to her credit card accounts even though she had agreed a repayment plan with it.

## **background**

Creation Financial Services became aware of Mrs F's financial difficulties in November 2010. It agreed repayment plans with Mrs F, but these were not applied until February 2011, during which time the debt had grown. Mrs F continued to pay the agreed monthly amount, but, when payments were late, further charges accrued.

Our adjudicator recommended that the complaint should be upheld. She found that although Creation Financial Services had agreed repayment plans, there had been a delay in doing so. She also found that Creation had not acted reasonably by reintroducing charges as this caused the balance to increase despite Mrs F's payments. She recommended that Creation Financial Services should refund all the charges from November 2010 and pay Mrs F £150 for the distress and inconvenience.

Creation Financial Services responded to say, in summary, that it had responded appropriately to Mrs F's financial hardship by agreeing new repayment arrangements even after previous ones had been broken.

## **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 have seen the customer contact notes from Creation Financial Services and it is evident that it was aware of Mrs F's financial difficulties in November 2010. I accept that Creation did agree repayment plans on Mrs F's three accounts, but there were delays in doing so, Mrs F was given incorrect information and the plans were applied inconsistently. Furthermore, when Mrs F was late with her monthly payments, interest and charges were reinstated and, as Mrs F's agreed repayment was £5 per month, the charges quickly exceeded any payments she had made and the balance on the accounts continued to grow. I acknowledge that Creation agreed further repayment plans with Mrs F but I do not find it reasonable that it applied further charges and interest given the circumstances. Indeed, as the adjudicator points out, the Lending Code says that "*It is inappropriate for interest and charges to continue to be taken where the result would be that the repayment period for the customer becomes excessive.*" In this case, as the interest and charges actually caused the balance to increase, the repayment period became infinite. Because of this, I find that it would be reasonable for Creation Financial Services to refund any charges and interest it applied since becoming aware of Mrs F's financial difficulties.

In addition, I acknowledge that this has been a very stressful period for Mrs F, and her complaint has taken some time to resolve. With regard to the general level of awards that we make in this area, I consider £150 to be fair and reasonable compensation for the distress and inconvenience that Creation Financial Services has caused.

**my final decision**

My final decision is that I uphold this complaint. In full and final settlement of it I order Creation Financial Services Limited to refund Mrs F all the interest and charges on her three accounts from 1 November 2010 to date. In addition Creation Financial Services Limited should pay Mrs F £150 for the distress and inconvenience it caused.

Amanda Williams  
**ombudsman**