

complaint

Mr J complains about various charges Creation Financial Services Limited (Creation) applied to his credit card. He wants the charges refunded.

background

The background to this complaint, and my initial conclusions, were set out in my provisional decision dated 29 January 2019 – a copy of which is attached and forms part of this final decision.

In my provisional decision I explained why I thought this complaint shouldn't be upheld and invited both parties to send any additional comments or evidence they wished to make.

Creation didn't provide any further information for me to consider, But Mr J said he'd been told by Creation that it would authorise some 'essential' transactions even if it meant the limit on the card was exceeded. He didn't think this point had been addressed and felt it was important regarding the outcome of the complaint.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In his previous submissions Mr J said he believed that the recently introduced £99 pre authorisation limits for fuel were partly responsible for the problems he experienced around his credit limits. And I explained that Mr J was only responsible for the actual amount that he spend – not the full £99 on each occasion he bought fuel.

He's now said that Creation has accepted that it would allow a card limit to be exceeded for 'essential transactions', such as fuel and groceries for example. But that doesn't mean Mr J doesn't have any responsibility for being able to calculate what he spends and how it affects his overall account balance.

So, although I accept what Mr J has said about Creation authorising these 'essential' transactions under certain conditions – I still think it's Mr J responsibility to be aware of how close he might be to his card's credit limit and manage it accordingly. I don't think Creation's policy around essential expenditure was responsible for the problems Mr J had here. Mr J hadn't exceeded his credit limit when he purchased fuel on these occasions. As I've said I think it was his responsibility to be aware of the credit limit and act accordingly to ensure he didn't exceed it and incur charges.

my final decision

For the same reasons I've already given in my provisional decision, I don't uphold Mr J's complaint against Creation Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 May 2019.

Keith Lawrence
ombudsman

copy of provisional decision

complaint

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background

Mr J holds an ASDA credit card administered by Creation with a £500 limit. Following purchases he'd made in January and February 2018 the balance on the card exceeded the limit. In addition his monthly payment wasn't made on time. As a result Creation applied an over limit fee, an unpaid direct debit fee and a default sum fee.

On 9 March 2018 Mr J complained about the fees. He said the three charges that had been applied to his account occurred when he was abroad and he wasn't able to make a payment online. He said he immediately made a payment over the telephone but the charges were still applied despite the difficulties he'd had. He wanted the charges refunded. He also said that Creation shouldn't have processed payments that took him over his credit limit. He said he'd tried to find out his account balance prior to making a purchase but he wasn't able because Creation's interactive phone system wasn't working.

Creation said it had applied the charges correctly as payment hadn't been made on time. But it had now refunded two of those fees as a gesture of goodwill.

One of our adjudicators looked into the complaint and said that it was Mr J's responsibility to be aware of his account balance and when a payment was due. She thought Creation had acted fairly by applying the charges but noted that Creation had refunded two of the three charges it applied.

Mr J didn't agree. In response he said:

- only one of the three fees applied in February 2018 had been reversed. Not two as had been suggested;
- he had incurred two further charges in May and June 2018 which the adjudicator hadn't investigated as he'd asked;
- he hadn't received a response to his complaint about the automated phone service not being available when he needed to know his card balance;
- the problems with exceeding the card limit all occurred when purchasing fuel. Mr J felt this was because of the newly introduced idea of pre authorising £99 at petrol stations.

As there's been no resolution the case has been passed to me for a decision.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see how strongly Mr J feels about this matter, and I have some sympathy for his position as it began when he was abroad and was unable to make his monthly credit card payment online. But looking at Mr J's complaint points I don't think Creation has done anything wrong here. I know this outcome will disappoint Mr J so I'll explain why.

I've looked at copies of Mr J's credit card statements from November 2017. I've seen all the fees he's incurred and I've also seen how Creation reversed both the default sum and unpaid direct debit charges from February – the default sum was reversed the same month while the direct debit reversal was on the May statement. So I can't agree with Mr J when he says only one charge has been reimbursed. I think Creation has done what it said it would.

I know Mr J would like Creation to be flexible by being able to refund the charges because he was having difficulty making his monthly payment as he was abroad and without access to the internet. But Mr J hasn't said he wasn't aware of the deadline for making the payment. And I think it's reasonable for account holders to make arrangements for payments that become due while away from home. In any event, Mr J was able to pay by telephone a couple of days later, and I think he would have been able to make the payment on time using the telephone before or on the due date if he didn't have internet access.

I've carefully considered all the transactions on these statements and I've seen the other over limit fees Mr J has disputed. But I think the fees were applied correctly. On both occasions Mr J's balance had exceeded the credit limit during that month. The terms and conditions of the card state that *"You agree to pay to us on demand our reasonable fees and administration charges, including any arising out of any default by you under this Agreement, in accordance with the tariff shown below as varied by us from time to time. Current charges (variable) are as follows: fee for late payment: £12...."*. So I can't ask Creation to refund these charges in this case as I think it's applied them in line with how it said it would.

Mr J says that Creation shouldn't authorise payments that mean he exceeds his credit limit. He especially believes that the recently introduced £99 pre authorisation limits have caused problems with his card. He's suggested this means he now has £99 to spend—but the transaction debited to his account was only for the amount he chose to spend and I'm satisfied that's the figure that was added to the outstanding balance on his card. So I think Mr J is able to calculate what he spends and how that will affect his overall account balance. So I don't think the pre authorisation limits would have had any effect on his ability to manage the card.

Ultimately here I think Mr J is responsible for his account and should be aware of how close he might be to the credit limit. I know Mr J believes that Creation should take that responsibility and he's also said that he's been unable to use the facilities that Creation has made available to him to check his balance at crucial times. So he says he doesn't know what more he can do to ensure he doesn't exceed his limit.

Creation has explained that apart from the automated phone system Mr J said wasn't working when he tried it; he could have spoken to an adviser or used the mobile online facility to obtain his balance. I don't dispute the system wasn't working at the time – automated systems can fail from time to time. But I think Mr J could've spoken to adviser instead or used other alternatives to find out the balance on his account had he needed to do so.

So, I can't conclude Creation has done anything unfair or unreasonable in its handling of this matter. And this means I can't uphold Mr J's complaint.

I can see Mr J now has the facility to receive a text message when his card is near its credit limit. I hope that's helped Mr J, although he might wish to contact Creation to ensure the alert is in place and working to his satisfaction.

my provisional decision

My provisional decision is that I don't intend to uphold Mr J's complaint against Creation Financial Services Limited.

Keith Lawrence
ombudsman