

## **complaint**

Mr L has complained that when he raised a concern about his loan agreement with Creation Consumer Finance Ltd, it did not address it as quickly as it should have done.

## **background**

Mr L took out a loan with Creation. When the first repayment was debited from his account he did not recognise it, so contacted Creation to say he thought he may have been a victim of a fraud. He says that Creation did not send him a copy of the loan agreement in a timely manner, and that had it done so, the matter would have been resolved quickly. The account has also been passed to a debt collector, but it has been put out hold pending my final decision.

The adjudicator recommended that the complaint should be upheld, as she felt Creation had not done enough to assist Mr L. She recommended that Creation take the account back from the debt collector and pay Mr L £100 compensation for the distress and inconvenience caused. Creation disagreed, saying it was Mr L's responsibility to recognise transactions on his account.

The complaint has therefore been passed to me for my final decision.

## **my findings**

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

Although I accept that ideally Mr L would have recognised the direct debit, as he did not, I can see no reason why, as its customer, Creation should not have assisted him. This would not have been at all onerous and would have constituted what I consider to be appropriate customer service. If a customer has a query about a debit, I think it perfectly reasonable to expect a business to clarify the issue. All that would have been required would have been to send Mr L a copy of the agreement. Instead, the account was passed to a collection agency, causing some distress and inconvenience.

On this basis, I agree with the adjudicator that Creation should take the account back from the debt collector and pay Mr L £100 for the distress and inconvenience caused. Further, if interest has been applied because of any arrears, this should be removed. However, Creation is entitled to require payment of the arrears, as this is money that Mr L owes.

## **my final decision**

For the reasons given above, it is my final decision to uphold this complaint. I require Creation Consumer Finance Ltd to:

- a) take the account back from the debt collection agency;
- b) remove any interest that may have been charged on any arrears; and
- c) pay Mr L £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 9 February 2015.

Elspeth Wood  
**ombudsman**