

complaint

Mrs H complains that Creation Financial Services Limited did not treat her fairly when she got into financial difficulties.

our initial conclusions

Our adjudicator upheld the complaint. She concluded that Creation failed to respond positively and sympathetically to Mrs H's financial difficulties. She recommended that it refund interest added to Mrs H's account since April 2008.

my final decision

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

Mrs H fell into financial difficulties in March 2007 and sought help repaying her debts from a debt advice charity. The debt charity helped her set up a repayment plan with her creditors. She told Creation about her situation and asked it to accept reduced monthly repayments and freeze the interest being added to her account. Creation did so for short periods, but then – despite no change in Mrs H's circumstances – started adding interest again.

Creation is under a duty to treat Mrs H's financial difficulties positively and sympathetically. Mrs H has been paying reduced payments towards her store card account since 2008. However, at times over 95% of her monthly payment has simply paid off the interest added that month so that less than £1 each month has gone towards reducing a debt of over £1,000.

In the circumstances, I do not consider Creation's actions to be positive or sympathetic. I find that it should refund all interest and charges applied on the account since April 2008. I also find that Creation's response to this situation has caused Mrs H a certain amount of distress and inconvenience. I find that it should pay Mrs H £50 to reflect this.

My final decision is that I uphold this complaint, as set out in full overleaf.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs H either to accept or reject my decision before 17 September 2013.

Simon Begley

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

My final decision is that I uphold this complaint and order Creation Consumer Finance Limited to:

- stop applying interest on this account;
- refund all interest and charges applied to the account from April 2008; and
- pay Mrs H £50 to reflect the distress and inconvenience this matter has caused her.

For the avoidance of doubt, the £50 should be paid directly to Mrs H and not used to reduce the outstanding balance on her account.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.