

complaint

Miss T is unhappy that a fraudster was able to use an account she had with Creation Financial Services Limited.

background

Miss T has an account with Creation Financial Services Limited which she can use to purchase goods from a retailer on credit. In August 2018, a fraudster took control of her account and used it to spend extensively. She told Creation about what had happened straight away. It said it would correct the balance on her account and ensure that nothing was recorded on her credit file as a result of the fraud.

Miss T is unhappy with the way that Creation handled things and so she complained to them. She says that:

- Creation should've taken greater care to prevent her account being taken over by fraudsters. For example, she says that when the contact details on the account were changed, there ought to have been additional verification checks to make sure that the request had come from her.
- She also says that the spending on the account was out of character with her typical use of it. She thinks Creation should've monitored the use of the account more carefully in order to prevent the fraud from occurring in the first place.
- The fraud has caused a significant inconvenience to her. She's had lengthy phone conversations with Creation in order to ensure that things are put right. She was also told incorrectly that she was free to make use of her account again which resulted in her making a long trip to the retailer where she was told her account was frozen.
- She says a member of staff at Creation attempted to contact her using the contact details of the person who had taken over her account.
- She's continued to receive letters from the retailer in connection with the goods that were purchased by the fraudsters – for example, letters telling her that warranties associated with those goods were about to expire.
- She also says that, despite Creation promising to remove any negative information from her credit file, that didn't happen for an extremely long period of time. She says that, since she was a victim of fraud, she's been turned down for a credit card with one other business and was able to arrange another at a much higher interest rate than she'd have expected.

Creation has agreed to reduce the balance on her account to £0. It says £255.35 of the balance represented genuine spending by her but that it was willing to waive this as a gesture of goodwill.

It also said that the adverse information that was still on her credit file six months after the original fraud related to late payments that she made in connection with genuine borrowing by her. Nonetheless, it agreed to remove this information from Miss T's credit file, although it insisted it had been correct to record it.

Miss T's complaint was looked at by an investigator. The investigator agreed that Creation hadn't handled things as well as it should've done, but it had agreed to waive a debt of over £250 and remove negative information from her credit file that didn't relate to the complaint. The investigator thought this was a fair way of putting things right.

Miss T didn't agree with the investigator's opinion. She's unhappy that Creation no longer has records of the phone calls she says must've been made to the fraudster. She also says that the fraud has had a negative impact on her credit score. Because Miss T disagreed with the investigator's opinion, the case has been passed to me to come to a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so I've come to the same overall conclusion as the investigator and for broadly the same reasons.

Once it recognised that Miss T had been a victim of fraud, Creation needed to correct her account and put it in the position it would've been in had the fraudulent spending not happened. I think it did so. It removed the spending from her account and also removed any negative information regarding that spending from her credit file.

Miss T sent the investigator evidence to show that there was still adverse information recorded on her credit file by Creation. However, I can see that this related to missed payments on the account between December 2018 and April 2019. Payments on the account were due on the 1st of each month but several of Miss T's payments came later than that. Creation has explained that these payments were in connection with the last genuine purchases Miss T made on the account in 2017 prior to the fraud. It has since said that it will remove this late payment information from Miss T's credit file even though they weren't connected with the fraud that Miss T was a victim of.

There's no doubt that Miss T was the victim of a cruel fraud here. Ensuring that things were put right must've been a source of significant distress and inconvenience. The overwhelming bulk of that distress and inconvenience was caused by the fraudsters, not by Creation. But I agree that Creation did make things more difficult. I'd expect it to pay her a fair and reasonable amount of compensation to recognise these difficulties. It agreed to remove the outstanding balance on her account – effectively writing off the outstanding amount of £255.35. I think this is a fair sum in the circumstances.

other issues

Miss T says that her credit score has been negatively impacted. She's mentioned being turned down for a credit card and only being accepted for another with a high rate of interest. But these applications were made after Creation removed the late payment records from her credit file – so these weren't a result of anything that Creation did.

Miss T also says that she thinks a Creation employee was attempting to contact her using the contact details of the fraudster. Creation has provided us with records of telephone calls made at the time and all of the outbound calls made by that particular member of staff, and I've not seen anything to suggest that this was the case.

Miss T is unhappy that she has continued to receive correspondence about warranties connected with the goods purchased by the fraudsters. But from what I've seen, these letters

were sent by the seller of the goods, rather than Creation which was only the provider of the underlying finance. I don't think it would be reasonable to expect Creation to pay her additional compensation because of the distress caused by the actions of another business.

I recognise how strongly Miss T feels about this complaint. And whilst I'm sorry to have to disappoint her, I'm satisfied that the steps Creation has taken to put things right are fair and reasonable in all the circumstances.

my final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 July 2020.

James Kimmitt
ombudsman