

complaint

Mr D complains that Creation Financial Services Limited, trading as Creation, has provided him with poor customer service.

background

Mr D firstly complained about problems he had in getting Creation to change his direct debit date over the telephone. Although it was changed eventually, he had to ask to speak to a manager and it took 45 minutes in total. Mr D also feels that Creation's representative was rude. Mr D made a complaint but didn't receive a response for over three months because Creation wrote to him at his old address. He is upset that this letter was received by a third party. He also had updated his address with Creation over two months previously, but Creation erred in updating his details. He is unhappy that this also caused a delay in his right to refer his complaint to this service, and that the final response to his complaint was received over three months after he had made his complaint. Creation responded to the complaint by crediting £75 to Mr D's account, including £25 for phone call costs, but Mr D is seeking compensation of £250 for this part of his complaint.

After Mr D rejected Creation's proposed settlement, it removed £75 from his account which caused arrears to be registered, even though the account was up to date. Mr D became aware of this when he applied in mid-July 2014 for new in-store credit through Creation, and was declined because of the arrears. Creation has apologised and offered a further £125 compensation, making £200 in total. Mr D rejected this. He did not feel that this took into account his embarrassment at being turned down for credit in a local store.

Mr D also said that he had suffered a financial loss as he was unable to buy a computer using his Creation account in mid-July 2014. Unbeknownst to Mr D, his partner had then taken out home credit in his name to buy a computer. As this was a more expensive way of shopping, it resulted in the computer costing around £170 more than if Mr D had been granted credit by Creation when he tried to buy the computer in mid-July 2014.

The adjudicator concluded that Creation should pay Mr D a total compensation amount of £275. She said that £75 compensation was appropriate in relation to the direct debit call as the problem had been resolved within 24 hours, and there had been no financial loss. She also said that the additional £125 compensation was not appropriate for Creation's subsequent errors which caused Mr D inconvenience and embarrassment. She also noted that Mr D was then put to the trouble of making another complaint to Creation in order to get the arrears removed from his account. In those circumstances, she said that it was reasonable to increase the compensation in respect of that part of the complaint by £75. She did not believe that she could ask Creation to refund the additional costs for the computer, when those costs resulted from a third party making a purchase in Mr D's name. She noted that Creation had already written to Mr D to confirm that the arrears had been removed when the purchase was made.

Mr D disagreed and responded to say, in summary, that:

- Although he was not aware of the purchase of the computer through his home shopping account, this did not mean it was unauthorised;
- The adjudicator had manipulated the purchase date of the computer;
- The compensation amount was inadequate, especially when one takes into account what Creation charges for failures by a customer;

- The adjudicator had not taken into account the reputational damage he had suffered or Creation's failure to send him referral rights;
- It was only because Creation had unfairly turned him down for credit for the purchase of the computer that a £170 loss had been suffered on the later purchase of a computer by his partner.

Creation disagreed and said that £125 compensation for the second issue was appropriate. Once it had corrected the adverse credit entry, it told Mr D that he could reapply for credit, although it could not guarantee acceptance.

my findings

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

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I can see that Mr D has raised a number of complaints with this service so I shall treat these separately below.

the direct debit call complaint

I can see that Mr D was provided with conflicting information, kept on hold for a long time without the offer of a call back, and he said that Creation's representative was rude to him. He was then cut off, and then had to call back on a premium rate for 30 minutes. I can see that this was unsatisfactory and consider that Mr D should receive £25 compensation for this aspect of his complaint.

updating address

Creation accepts that it made an error in updating Mr D's address and this also caused Mr D not to receive Creation's letter dated April 2014 giving Mr D referral rights to this service. His right to complain to this service was thus delayed by over a month. I consider that Mr D should receive £50 for this aspect of his complaint.

Creation's April 2014 response letter received by third party

I can understand that Mr D would be upset that a third party had received confidential information about his account. So, I consider that he should receive £50 for this aspect of his complaint.

compensation and a fine to act as a punishment and deterrent

Mr D has mentioned that Creation should be fined to act as a deterrent in the future. But we do not supervise, regulate or discipline the businesses we cover and we have no authority to impose punitive damages or to require a business to alter its systems. Mr D can choose to consider alternative action against Creation, for example through the courts, or to report the data protection breach to the Information Commissioner's Office.

delay in response to Mr D's complaint

I accept that Mr D would have been unhappy that he had not received a response to his complaint for 15 weeks. So, I consider that he should receive £50 for this aspect of his complaint.

So, for the above aspects of Mr D's complaint, I consider that £175 is appropriate compensation. As, Mr D has already received £50 compensation and £25 for call costs, this leaves Creation to pay an additional £125 to Mr D.

embarrassment and inconvenience caused by credit rejection

I can understand that Mr D would have been embarrassed in his local store by his application for finance for a computer being rejected because of the arrears situation on his account caused by Creation. I can also see from his credit files that he had an excellent credit rating before this episode, so I accept that the rejection would have also caused Mr D some concern and upset due to the damage to his reputation. I can see that he would also have been inconvenienced by the abortive trip to his store and the delay in obtaining a computer. I consider that he should receive £100 for this aspect of his complaint.

further complaint required about the rejection and the removal of the arrears

I can see that Mr D has suffered further inconvenience by the need to seek clarification of the reasons for the credit rejection and to request Creation to remove the arrears on his account. He said that it took three weeks to obtain the reasons for the credit refusal and discovered that it was caused by arrears on his account following his rejection of Creation's compensation offer and the removal of the £75 compensation from his account. He said that he had not been warned by Creation that this would happen. Having to complain about the removal of the adverse information from his credit file has also caused Mr D inconvenience. I consider that he should receive £100 for this aspect of his complaint.

I can see that Creation has already paid Mr D £125 for these aspects of his complaint. So, this leaves Creation to pay an additional £75 compensation to Mr D.

apology

Mr D is seeking a proper apology from Creation. I consider that the apologies in its correspondence are appropriate.

claim for financial loss of £170

I note that the computer was bought on Mr D's account by his partner without his knowledge, although I can see that Mr D had given his account details to his partner to use generally. I also note that Mr D did not agree with the date on which the adjudicator said that the PC had been purchased. The adjudicator then asked Mr D for details of the date of purchase but he has not confirmed this in reply to the request. But it appears from the computer order details which Mr D has supplied to us that the computer was purchased on 18 August 2014. As this was after 6 August 2014, the date when the adverse information was removed from Mr D's credit file, I consider it more likely than not that Mr D could have obtained cheaper finance elsewhere to buy the computer. So, on balance, I do not consider that I can reasonably require Creation to refund £170 to Mr D.

So, having carefully considered the circumstances of this complaint, I can see that Mr D has suffered inconvenience, trouble and upset as a result of Creation's actions. I consider that it should pay Mr D an additional £200 compensation as shown above, in addition to the £175 compensation it has already paid him.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of this complaint, I order Creation Financial Services Limited, trading as Creation, to pay Mr D £200 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 1 May 2015.

Roslyn Rawson
ombudsman