

The complaint

Mr B complains that Creation Consumer Finance Ltd aren't reporting to a Credit Reference Agency (CRA) that his account is closed.

What happened

Mr B asked Creation to close his account in June 2021. Creation acknowledged that there had been a delay in doing this and they agreed to a separate complaint to pay Mr B £300 compensation. But Mr B says his account still hasn't been closed and he recently received information about the interest rate on the account increasing, and a notification from CRA's that his Creation account had been re-opened. Mr B brought his complaint to our service and our investigator raised this complaint with Creation, but as they didn't reply, she issued her view of the complaint.

Creation later responded and they offered Mr B £200 compensation. They said they can confirm the account was closed in 2021 and their back office team requested for his credit file to be amended. They said they acknowledge this was not fully amended with one of the CRA's, however, the request was sent on their end.

Our investigator said she had seen evidence the account was closed in September 2021, but Creation admitted there was a delay in reporting this which was why it reported as open after this date. She said screenshots show Creation are reporting the account as settled and dormant which is their equivalent to being closed. She said she couldn't see what more Creation could do as all the evidence shows the account is being recorded as closed with them. Our investigator said Creation have done what we'd asked them to do albeit late, so she was satisfied £200 compensation was fair. Mr B asked for an ombudsman to review his complaint.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

Firstly, I'm aware that I've only summarised Mr B's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I must make Mr B aware that I'm only able to look at the actions of Creation as part of this complaint and not any CRA's. This is because the complaint Mr B brought to our service is against Creation only. But if he feels that any of the CRA's have let him down, then he may wish to make a separate complaint directly to them.

I know Mr B has been told a lot of different things for a prolonged period of time. So what I've asked Creation for is their system notes to try and get an understanding of what happened. I can see from their system notes that Mr B had originally asked for his account to be closed down in June 2021, but due to an error this was delayed until September 2021. As this was part of a previous complaint Mr B has brought to our service, then I'm unable to cover this as part of this complaint. But I do think what happened from that complaint had a bearing on what subsequently happened, and I'll explain why.

Mr B was awarded £300 as part of that complaint. I can see that on 25 August 2022, Creation paid the £300 compensation to his Creation account. In order to do this they had to manually reopened Mr B's account. The notes show that on the same day there was a refund request issued on the account and it shows £300 being removed which had been credited earlier that day. It was the following day on 26 August 2022 that this was removed from Creation to be paid into Mr B's account. But unlike 1 September 2021, where there was a note to show that the account was manually closed, the person who had manually reopened his account must have forgot to have the account manually closed again on the same date.

This is the reason why I'm persuaded this showed on more than one CRA that his account was reopened. There are notes to suggest on 14 September 2022 that the manual process was put in place to close the account and I can see a note on 14 September which shows the account is dormant – which Creation uses this terminology for a closed account. But there is also a date next to this of 21 February 2023. So the note does read as if the account would become dormant/closed on 21 February 2023.

I can see a memo on the account on 1 November 2022 that they advised the bureau (CRA) of the closing date. There is another system note on 8 February which shows a statement was issued. I suspect that the manual process started in September 2022 wasn't completed, and therefore it's likely that Mr B's account was actually open during this timeframe. I say this based on Mr B's evidence of what he's told us and the fact a statement was issued in February 2023. Otherwise I would expect a closing statement to be issued in September 2022. I would not expect Mr B to receive information about interest rates going up on a closed account on 17 March 2023, so I can only reasonably conclude that based on all of these factors that his account was open despite them starting to manually close the account again in September 2022 after the compensation manually reopened his account.

It is only on 9 May 2023, that I can see the system notes and memo show as the account manually closed. On 10 May 2023, I can see a memo showing the account was settled. The notes show that on 4 August 2023 they again asked the CRA to close the account after it had appeared reopened on Mr B's credit file. It also looks like in response to the questions I asked Creation, there is one last note on 7 November 2023 which contains the text "LOOKS LIKE A REPORTING ISSUE MANUALLY CLOSED AGAIN".

So it appears that Creation think this is a reporting issue with the CRA involved. It does appear that the account has been closed from Creation's side now. I say this as Creation have confirmed the account is reported in the same way to the three major CRA's. So if they were showing the account to be opened, I wouldn't expect just one of the CRA's to be showing his account as open. It could be the way the particular CRA is interpreting the status of settled that Creation report to the CRA's.

I asked Creation for a drop down list of options they had to report this. And while one of the options is account dormant, they are reporting Mr B's account as "settled or satisfied account". I'm satisfied that the option they are reporting this under is the most appropriate status here and it is factual as Mr B's account is settled. Mr B may believe a more appropriate option is settled and closed, but for a debt to be settled the account would

usually be closed. If someone had just cleared their outstanding balance and kept the account open, this would be reported as "Payment received on time/up to date" on Creation's system to the CRA's.

As Creation last informed the CRA on 7 November 2023 that the account has been manually closed again, this could take 4-6 weeks to update on his credit file. Mr B has been told similar information before, and I'm sure he will be sceptical that anything will change here. And if it is due to the CRA's interpretation of the information Creation keeps reporting to them, I'm not persuaded that this will be different either. So what I was going to suggest to him is to reach out to the CRA involved to see if he can raise a dispute on the Creation entry.

But Mr B has told us he has already done this. He's said that after waiting 30 days for them to investigate this and review it, the CRA has attempted to get in touch with Creation and they have had no response from Creation. As such, they have told Mr B that they have hidden this account from his credit file, pending a response from Creation. While this isn't the most suitable option, I hope this gives Mr B some comfort that potential lenders won't be able to see this account on his credit file until Creation respond. If Creation responds and Mr B feels they give the CRA incorrect information, then he may want to raise a new complaint, and if he is unhappy with their response he may be able to bring this complaint to our service.

I've considered what would be a fair outcome for this complaint. Creation manually reopened Mr B's account in August 2022 to pay him the compensation before reversing this. While the notes suggest they manually tried to close this down, I don't think they were fully successful until May 2023, when the system note shows the account was manually closed. I say this otherwise he wouldn't have received an email about his interest rate on his account increasing in March 2023. Mr B hasn't told us of further emails after the March 2023 email about interest rates increasing on his account, and the base rate has increased further times since March 2023, so this would support that his account is now closed and the settled status on Creation's system supports this.

Creation have offered £200 for what happened here. But I'm not persuaded this recognises the impact the manual reopening of the account had on him. There's no doubt that Mr B has been inconvenienced by having to try and get to the bottom of what's happened with both Creation and the CRA based on what they told Mr B to do. He's had his account manually reopened when it shouldn't have been. While Creation did try and start the process of manually closing this again, it seems like this took between 7-9 months for this to actually happen from when they manually reopened his account based on the evidence I've seen, which would be distressing for Mr B. So at times Mr B has had a £4,000 credit limit showing on his credit file with all of the CRA's as being open. When it seems this then shows as closed, it can then show again as being reopened, which would be distressing to Mr B.

The impact of the errors has caused Mr B considerable distress as no matter what he tried to do, the situation hasn't been resolved, and while the current status may not be Creations fault as it could be the way the CRA is interpreting the data, Creation have admitted that his account must have been active at the time to receive the email about the interest rate increasing on his account. And this was seven months after they had manually reopened his account.

I can't see any other instances where they manually opened his account after August 2022, so I can only reasonably conclude that despite Creation starting the manual closure process in September 2022, this wasn't successfully completed. So as a result of Creation's error, the impact has lasted over several months, therefore I'm persuaded that £300 compensation is in line with our awards for what happened here and the impact this had on Mr B. But Creation should not manually reopen Mr B's account to pay him this compensation as the

same problems could occur again, so they should pay this direct to Mr B. So it follows I intend to ask Creation to put things right for Mr B.”

I invited both parties to let me have any further submissions before I reached a final decision. Creation accepted the provisional decision. Mr B did not accept the provisional decision. He made a number of points. In summary, he asked if an additional point can be added to clearly state that Creation should notify all CRAs that they reported this account was closed in 2021 as per his original complaint. This way, this should absolutely conclude the matter, as he is concerned Creation may simply re-register the account as open again for example in a bulk monthly update. Mr B also felt the compensation was not sufficient for what he has been through and the impact the situation has had on him for the last 2.5 years.

What I've decided – and why

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

I've considered what Mr B has said regarding me adding an additional point to my final decision. And I can understand why he's asked me to do this, after all, he's been told conflicting information by Creation since he originally wanted his account closed. But here, I'm not persuaded that this is proportionate.

I say this because in my provisional decision I said the following *“It also looks like in response to the questions I asked Creation, there is one last note on 7 November 2023 which contains the text “LOOKS LIKE A REPORTING ISSUE MANUALLY CLOSED AGAIN”. So it appears that Creation think this is a reporting issue with the CRA involved. It does appear that the account has been closed from Creation's side now. I say this as Creation have confirmed the account is reported in the same way to the three major CRA's. So if they were showing the account to be opened, I wouldn't expect just one of the CRA's to be showing his account as open. It could be the way the particular CRA is interpreting the status of settled that Creation report to the CRA's.”*

Creation told me in their response to some of my additional questions on 15 November 2023 that *“Our CRA team have requested once again to (the CRA reporting the incorrect information) for the account to be reported as closed”*. So I'm not persuaded telling all three CRA's the same information again will change anything.

I know Mr B has concerns that Creation will simply re-register the account as open still in some bulk monthly upload for example. But I'm not persuaded this is likely. I say this as the reason the account was reopened was due to the compensation from the last complaint accidentally being paid into his account, and it not being manually closed correctly. As I'm instructing Creation to pay the compensation avoiding the closed account, then there would be no reason for the reporting to change as the account wouldn't be manually reopened. But I do want to reassure Mr B in the unlikely event this did happen, he would be able to make a new complaint, and potentially be compensated if Creation have done something they shouldn't have done.

I've considered what Mr B has said about the compensation, and the impact the events has had on him in the last 2.5 years. But as part of this particular complaint, as I said in my provisional decision *“I can see from their system notes that Mr B had originally asked for his account to be closed down in June 2021, but due to an error this was delayed until September 2021. As this was part of a previous complaint Mr B has brought to our service, then I'm unable to cover this as part of this complaint”*. So I'm only able to consider the events of what happened after the compensation for that complaint was paid, as the original complaint was previously brought to our service, and Mr B has already been paid for their

previous failings.

I must make Mr B aware that our awards aren't designed to punish a business. I set out the rationale for increasing the compensation that Creation had offered him in my provisional decision. And I'm still persuaded that £300 compensation is proportionate for what happened here considering the impact the events had on Mr B.

In summary, Mr B's response hasn't changed my view and my final decision and reasoning remains the same as in my provisional decision. If Mr B is disappointed, I hope he understands my reasons.

Putting things right

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask Creation Consumer Finance Ltd to pay Mr B £300 (but not to his closed Creation account) for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint. Creation Consumer Finance Ltd should pay Mr B £300 (but not to his closed Creation account) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 January 2024.

Gregory Sloanes
Ombudsman