

## **The complaint**

Mrs A complains that Creation Consumer Finance Limited (Creation) asked her to repay a debt that she didn't think she owed.

## **What happened**

Mrs A entered into a loan agreement with Creation in March 2020. The loan had a term of 60 months and the monthly loan repayments were £60.16. In July and August 2022, Mrs A missed two of these contractual repayments. Creation says Mrs A managed to pay one of the payments shortly afterwards, but a plan was set up to repay the other payment in instalments over a period of six months starting from September 2022.

Soon after this period, Mrs A began receiving correspondence saying the account was in arrears by £60.16. Mrs A initially wrote to Creation disputing this. There was then a phone call between Creation and Mrs A where an adviser explained that the arrears were from February 2023, however Mrs A disputed this again. Upon receipt of further collections letters, Mrs A brought her complaint to this service. Following this, a default notice was issued in August 2023.

In October 2023, Creation issued a final response letter. In summary, it said it had attempted to take a payment for £60.16 in February 2023, however this was returned as unpaid two days later. It acknowledged that the adviser Mrs A spoke with could have made it clearer that what was owed on the account was a contractual repayment which had been missed, and therefore not linked to the separate arrangement to repay the previous arrears. However, it ultimately said the funds were still owed.

One of our investigators ultimately reviewed matters. In summary, he said the payment that was owed was the last contractual repayment of Mrs A's agreement. And whilst her statements don't show a returned direct debit, the contractual repayment from February 2023 hadn't been paid. So, he didn't think Creation acted unfairly by pursuing her for the outstanding amount.

Creation didn't dispute our investigator's findings, but Mrs A did and mostly repeated her earlier points. She also pointed out that her statement didn't show a returned payment and that if Creation didn't take the payment in February 2023, then that was its mistake. As an agreement couldn't be reached, the case has been passed to me to decide.

## **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.

Having done so I've decided not to uphold Mrs A's complaint. I'll explain my reasons why.

As part of Mrs A's agreement, she is required to make the monthly loan repayment on her account each month. Creation's systems show that in February 2023, it attempted to take the payment from Mrs A's account, but this was returned unpaid two days later. However,

Mrs A points out that there was no record of a returned direct debit on her bank statements. Therefore, it's unclear exactly what happened with the payment here.

I also note that Mrs A disputed the missed payment in June 2023 and outlined why she thought she had made all the necessary payments. But I can't see that Mrs A received a response to this letter.

However, as I understand it, there was a subsequent phone call later that month between Mrs A and Creation. During the call, Mrs A said she had made all payments under the agreed arrangement to pay off previous arrears. It's clear there was some confusion here, and I agree that it would've been more helpful if the adviser explained that the missing payment was February's contractual payment, and therefore not linked to the arrangement to pay the previous arrears. That being said, I'm still satisfied that Mrs A was put on some notice about what payment was owed on the account during the phone call with the adviser.

Additionally, Mrs A received several letters explaining that her account was in arrears of £60.16 and that she needed to make a payment immediately. As there was no payment made, a default notice was sent to Mrs A in August 2023. The letter explained that the account would be terminated if the outstanding balance wasn't paid.

Having thought carefully about all this, I can understand there was some confusion about the missed payment in the first instance and it's unclear exactly why the payment wasn't taken. However, having reviewed all the available information, I'm satisfied that a payment was indeed owed on the account.

I acknowledge that Mrs A says Creation should have taken the monthly repayment as agreed. That's true, it should have, and it's unclear exactly what happened here. However, I need to point out here that Mrs A also has an obligation; that being to ensure payments are made towards her outstanding balance and to mitigate any losses.

Here, Creation made Mrs A aware that a payment was owing on the account, and it was clear about what may happen if the payment wasn't made. The fact is, Mrs A didn't make the required payment and so those consequences came to pass. On that basis, I can't fairly determine that Creation treated Mrs A unfairly in how it pursued her for the outstanding balance. It follows that I don't uphold this complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 26 December 2023.

Hana Yousef  
**Ombudsman**