

The complaint

Mr G complains that Creation Consumer Finance Ltd's handling of a finance application he had made to it resulted in two personal information data breaches. And although these breaches did not result in a material loss for Mr G, he says he has suffered a non-material loss.

What happened

Mr G applied for a fixed sum loan agreement with Creation in August 2022, he asked for the agreement to be sent in the post for him to read, sign and return. When the agreement didn't arrive after a few days, Mr G rang Creation and confirmed his address. He was told the form had been sent out to in the post. However, it was noted by Creation that Mr G's address was in the wrong format and the agreement was sent out to him again.

Although Mr G had provided his correct address to Creation it failed to update its records correctly and the second agreement was again incorrectly addressed. The agreement was sent out for a third time and this time Mr G received it, signed it and returned it to Creation.

Mr G was unhappy that two agreements containing his personal data had been sent to the wrong address and complained to Creation that there had been a data breach.

Creation upheld his complaint. It said there had been an accidental breach of Mr G's data because of the format of his address. It said the address error had been made by whoever had originally completed the finance application, but it accepted it hadn't then correctly updated its system when the error with the address was identified. Creation confirmed that neither of the two agreements with the wrong address had been returned to it.

Creation offered Mr G £100 compensation for the error, as it said there wasn't any evidence the breach had resulted in a material loss for him.

Mr G informed Creation that he disagreed with its offer and said that the breach had resulted in a non-material loss in that he was now suffering from a health condition linked to stress. He explained that due to his work experience, he was very aware of the potential impact data losses can cause and so Creation's actions in sending out the paperwork to the wrong address on two separate occasions had resulted in significant distress and inconvenience for him.

Creation reviewed its decision and increased the compensation offer to £200. Mr G disagreed that the compensation was sufficient for the impact of the data losses and complained to this service.

Our investigator didn't recommend that Mr G's complaint should be upheld. He said that in light of Mr G not suffering any material loss as a direct result of the personal data breach he thought that the £200 compensation was fair and reasonable, and he wouldn't ask Creation to do more.

Mr G disagreed with our investigator's view. He said he thought Creation had handled his

personal data shoddily and there had been an impact on his health as a result. Mr G said the Information Commissioner's Office (ICO) had upheld his complaint that Creation were liable for two breaches of his personal data.

The complaint has therefore been passed to me to consider.

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.

Creation says that the original formatting of the address was due to the way it had been inputted by either Mr G or the retailer when the credit agreement was applied for online. But Creation has accepted that the address should have been corrected when Mr G made contact with it, and this did not happen. I've seen Mr G feels Creation didn't accept at first there had been a data breach at all when he first complained, but I think Creation was saying it didn't know whether Mr G's personal information had actually been given to someone else because of the way the address had been recorded. However, I think Creation agrees there have been data breaches here, and regardless of how that error arose, it isn't disputed that two separate agreements containing Mr G's personal data weren't delivered to him because of the errors made with his address. This is also inline with the ICO's findings of two data breaches due to the actions of Creation.

The issue for me is therefore, whether the amount of compensation paid by Creation to Mr G was fair and reasonable in the circumstances. As explained by our investigator, compensation is to reflect the impact of something that has gone wrong rather than to act as a punishment for the business.

Here, it is agreed that there hasn't been any material loss caused to Mr G as a result of the agreements being wrongly addressed. Mr G has raised that a non-material loss was caused to him, in particular the effect it had on his health. While I am sorry to hear Mr G has experienced physical symptoms which are linked to stress, I haven't seen any medical evidence that says this condition was directly or solely due to his distress over the potential impact of his lost data. I absolutely accept that Mr G would have been concerned about what may result from his lost personal data, but I'm afraid I don't accept the suggested figure he proposed to Creation as being a reasonable amount of compensation. I don't think that amount was proportionate in respect of what had happened and the actual impact on him.

Looking at what happened, I'm satisfied that the £200 compensation paid by Creation to Mr G is in keeping with the amount I would consider fair for the non-material loss suffered by Mr G. He was distressed and inconvenienced to find that two agreements had been sent out to him but not delivered and their whereabouts remain unknown, however, no material loss to Mr G was caused.

So, for the reasons given above, I'm not asking Creation to do more as I consider the compensation payment that has been made is fair and reasonable.

My final decision

For the reasons given above I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 February 2024.

Jocelyn Griffith
Ombudsman