

The complaint

X complains that Creation Financial Services Limited closed their credit card, withheld their annual fee and failed to credit their points or free night stay hotel voucher.

What happened

X had a premium reward club credit card account with Creation which included an annual fee. The card gave X the ability to earn reward points which could be redeemed for hotel stays or experiences. And the opportunity to earn a free night stay at a hotel by spending a minimum of 10,000 points a year.

On 26 October 2021 X noticed their card was recorded as 'suspended' within the Creation app. On 27 October 2021 Creation sent X a letter informing them that their account had been closed with immediate effect.

Creation also advised X that they wouldn't be crediting them the points they'd accrued during the last statement period, awarding them the free night voucher or refunding the annual fee.

X complained to Creation. But Creation didn't uphold their complaint. They thought they'd acted fairly in closing their account without notice – and not crediting the points, the free night voucher or refunding the annual fee.

X wasn't satisfied with Creation's response so complained to our service. They argued that Creation had acted unfairly in not giving them 60 days' notice and queried whether they deliberately did so to avoid awarding them the free night voucher.

One of our investigator's looked into X's complaint.

Our investigator thought Creation acted fairly in closing X's account without notice, and failing to award them the points from the last statement period and the free night voucher.

However, they thought Creation should have refunded X's annual fee on a pro-rata basis.

Creation didn't respond. X didn't accept our investigator's recommendation, in summary they said:

- How can they defend themselves when they haven't been provided details of to what they've done wrong?
- They were using a service which allowed debit card payments to be made via a credit card called which I'll call C. They were sending funds from Creation via C to another business I'll call N, and then paying the funds back from N to Creation. They argue this isn't illegal or against the terms and conditions of the account.
- They believe Creation closed their account to get out of their contractual obligations.

As X didn't accept our view it's been passed to me for a decision.

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.

Account closure and withholding of points

X responded to the view by arguing that they've been unable to defend themselves as they hasn't been provided with all the information supplied by Creation. And as a result they'd like our service to wait before issuing a decision. I've thought about X's request but I'm satisfied they've had the opportunity to provide any information they think is relevant to support their complaint against Creation.

I'm aware that X is considering contacting the Information Commissioner's Office to see if they can obtain more information about Creation's reasons for closing their account, failing to credit the points and the free night voucher – and questioning whether our service should be obliged to provide this to them. However, as I'm satisfied X has been provided with fair opportunity to supply evidence in support of their complaint I've proceeded to consider my decision.

Our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Creation has provided is information that we considered should be kept confidential.

Creation can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Creation have relied on the terms and conditions when closing X's account. The terms explain that the bank can close an account without notice in certain specific circumstances. I appreciate that X responded to our investigator's view by explaining how they were using the card, and they believe this wasn't illegal or against the terms and conditions of the account. I understand this will disappoint X, however, having considered the full circumstances of this complaint I agree Creation were entitled to close their account without giving notice.

I've moved on to consider whether Creation acted fairly in failing to credit X with a free night voucher or the points for the last statement period. I agree they met the spend requirements for the free night voucher, however it doesn't necessarily follow that Creation's actions were unfair. Having reviewed the reasons provided by Creation for deciding not to provide the voucher and the points for the last statement period I'm satisfied they acted fairly.

Annual pro-rata fee refund

I've thought about whether Creation should refund X for the unused period of their annual fee. And, as our investigator concluded I think they should. I don't think it's fair for Creation to charge X for a service they *didn't* receive. Namely use of the credit card. I therefore think Creation should refund X on a pro-rata basis for the *unused period* of the annual fee.

Putting things right

I direct Creation to provide X a pro-rata refund of their annual fee.

My final decision

My final decision is I partially uphold X's complaint and direct Creation Financial Services Limited to:

- Refund X the unused part of their credit card annual fee

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 2 October 2023.

Jeff Burch
Ombudsman