

The complaint

Mr S complains that Creation Financial Services Limited closed his account, didn't provide his points, a free night stay voucher or refund the annual fee. He says Creation should have awarded him an extra 25,000 points. He would like compensation for his losses.

What happened

Mr S had a rewards club premium credit card account with Creation. In return for an annual fee of £99, the card included the ability to earn rewards points which could be redeemed for hotel stays or experiences, and a hotel voucher for a free night stay provided a certain number of points were earned.

In September 2021, Creation sent Mr S a letter informing him that his credit card account would be closed in December 2021. There was no mention of rewards points, annual fee or hotel voucher.

Mr S said he had lost out on a free night certificate for the year March 2021 to March 2022. Creation refused to issue points for any spend from 30 September 2021 when the notice to close the card was communicated. Mr S said they had withheld 19,886 points from him which meant he had to make alternative arrangements for his hotel stay when he was abroad. He says he ended up 19,000 short in the 2021 calendar year.

Mr S complained to Creation about the closure of his account. Creation didn't uphold his complaint. They said they acted fairly in closing Mr S's account, not refunding the annual fee, crediting the points or the hotel voucher.

When Mr S complained to our service he said he wanted a free nights hotel voucher, 19 886 points he would have earned during the notice period, a pro rata refund for his annual fee and either financial compensation for the 20,000 points he lost because of not being able to re-qualify at Spire Elite level or to be credited the points themselves.

After Mr S brought his complaint to our service Creation made an offer to resolve Mr S's complaint. They offered Mr S a pro rata refund of his annual fee, and the points not credited, which were earned during the notice period as well as a free night hotel voucher.

Mr S refused the offer he said he would be happy to accept the following to settle the complaint.

- Creation to refund £29.56 being the unused proportion of the account fee on a pro-rata basis,
- Transfer 41,412 outstanding IHG Rewards Club points to his IHG account,
- Transfer an additional 25,000 IHG Rewards Club points to his IHG account, (which he would have received as a bonus from IHG had Creation transferred the above 41,412 on time,) and
- Grant Anniversary Night Voucher.

Creation deposited 41,412 points in Mr S's account and an hotel night voucher.

One of our investigators looked at the complaint. She originally thought it was fair that Creation weren't offering Mr S the additional 25,000 points. Mr S was unhappy with the view and provided further information on the additional 25,000 points.

He explained he could qualify for the top tier of rewards called Spire status by earning 75,000 points in a calendar year. Mr S told us he did this by spending £37,500 per year on the Creation credit card. Reaching Spire status meant you could earn 25,000 extra points. Mr S explained that during the pandemic the qualifying points for maintaining the Spire status was 55,000 and that meant he only needed to spend £27,500 on the Creation card.

Mr S said as of 30th September he had earned around 17,178 IHG points for the 2021 calendar year. Creation, delaying in sending over the final 41,412 IHG points he had earned during the notice period meant he was 37,822 short of the 55,000 points needed as of the 31 December 2021 to retain Spire status thus preventing him access to the 25,000 points benefit he would have earned.

Our investigator reviewed the evidence and issued a second view. She thought Creation should provide Mr S with the additional points as well as the pro rata refund of his annual fee.

Creation disagreed; they didn't think enough evidence had been provided that Mr S would have received the extra 25,000 points. They said they would offer £150 as a gesture of goodwill as well as the pro rata refund of the annual fee to settle the complaint.

As there was no agreement the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information Creation has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr S, but I'd like to reassure him that I have considered everything.

Account closure

I understand that Mr S is unhappy Creation closed his account, it can't be pleasant being told you are no longer wanted as a customer. 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 Mr S's account. I've reviewed the terms and they explain that Creation can close an account for any reason by giving 60 days notice.

Having looked at all the information available to me, including Creation's actions and the information it's provided I'm satisfied that Creation's decision to close Mr S's account was reached legitimately and fairly. I've reviewed the terms and conditions and circumstances of this complaint, and I'm satisfied Creation acted in line with them, so, it was entitled to close the account as it has already done. I appreciate this may be disappointing for Mr S however, Creation have provided him with the full notice period, so I can't say Creation have acted unfairly in taking the actions it did. I've considered whether Creation need to offer any compensation in regard to the closure. But from what I've seen the decision to close was reasonable.

Withholding of points during notice period and hotel voucher

Creation have refunded Mr S's points which he had been deprived of from the notice period in September 2021 and they have provided him with the voucher for the free night which he was entitled to.

I'm satisfied that Creation shouldn't have deprived Mr S of access to the points, and hotel voucher when initially closing the account. But I'm pleased to see that they have now put this right. I understand that Creation has already reimbursed Mr S his points and given him a hotel voucher in April 2023.

Annual fee

Mr S has said that he would like a pro rata refund of his annual fee. Creation have offered to pay this as part of the original offer and in their offer following the second view issued by our investigator. Mr S paid for an annual fee for his card up front in March. His card was closed in December 2021 so I think its fair that Mr S should receive a pro rata refund of the credit card fee as he wasn't able to use the card for the full year which he had originally paid for. Mr S said in his email counteroffer to us that he would be willing to accept £29.56 as the unused portion of his annual fee. So, I will be asking Creation to refund Mr S that amount.

Bonus points.

Mr S has explained that he would have qualified for an extra 25,000 had Creation credited his account with the points he had accrued during the notice period. Mr S has provided evidence which I find compelling to suggest he would have received these points but for Creations delay in crediting the points he had accrued from September 2021. I understand that Creation have said they can no longer credit Mr S with these points. Mr S has asked for the cash equivalent of these points. He has provided us with information to show what the monetary value of these points would be. I'm satisfied that Mr S is entitled to this monetary value if he isn't able to recover the actual points he accrued. I have seen that there are potentially different ways of calculating the value of these points. Mr S has shared a screen shot from the IHG website that suggests it would cost him 287.50 US Dollars to buy 25,000 points. I'm happy to accept this information. So, I think Creation should credit Mr S with the 25,000 points or the monetary equivalent of USD 287.50 because I'm satisfied its fair for Creation to provide him with this amount in compensation for the losses he incurred.

Mr S asked to be compensated 8% interest on their pro-rata annual fee refund. To award 8%, I'd need to be satisfied that Mr S lost out by not having the refund returned sooner. And on balance, I can't say this is the case. Therefore, I won't be awarding 8% interest.

In summary, I'm satisfied the award of his pro rata refund and the monetary equivalent of his points puts him back in a position he would have been, so I'm satisfied this is a fair resolution to his complaint.

Putting things right

Creation should pay Mr S £29.56 as well as 25,000 points or 287.50 US Dollars.

My final decision

For the reasons stated above I partially uphold this complaint. I direct Creation Financial services Limited to pay Mr S

- £29.56 as a refund of his annual fee
- 25,000 points or 287.50 US dollars

Creation Financial Services Limited must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 March 2024.

Esperanza Fuentes
Ombudsman