

The complaint

Ms S says she was overcharged by Creation Consumer Finance Ltd (“Creation”) for an item she purchased on Buy Now Pay Later (BNPL) terms.

What happened

I issued a provisional decision on this complaint in August 2024. An extract from that provisional decision is set out below.

Ms S bought a TV in September 2021. The BNPL terms meant that she wouldn’t pay interest on the cost of that product if she repaid the full amount within 12 months. Ms S didn’t pay for the goods within 12 months and in those circumstances a direct debit of £134.88 for 24 months had been pre-arranged. A “Flexi tool” offered by Creation allowed Ms S to change the term of that repayment period. Ms S says that she changed the term from 24 months to 12 months at £194.34 in September 2022, but Creation say she changed it to 17 months at £194.34 per month.

Our investigator didn’t uphold Ms S’s complaint. She thought the evidence suggested Ms S had changed the term to 17 months.

Ms S disagreed and her complaint has, therefore, been referred to me, an ombudsman, to make a decision.

What I’ve provisionally 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’m expecting to uphold this complaint. I’ll explain why.

Where the information I’ve got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point, it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

As Ms S didn’t pay for her TV within 12 months a direct debit of £134.88 over 24 months was established. That would have meant Ms S would pay a total of £3,237.12 for goods that would have cost £2,073 if interest hadn’t been attracted.

It’s Ms S’s assertion that she used the Flexi tool to reduce the term of that repayment period to 12 months at £194.34. That would mean she would pay a total of £2,332.08. Ms S has provided a copy of her statement from September 2022. That confirms that 12 payments of £194.34 are due and that the agreement will end on 6 September 2023. Ms S has provided a further statement from July 2023 that also supports her assertion that a twelve-month plan

was agreed. That statement explains that two payments of £194.34 remain and that the end date is still 6 September 2023.

Ms S has also provided a statement from 16 August 2023. It contradicts the previous statements and suggests there are now six payments of £194.34 due on the account and the item won't "end" until 6 February 2024.

Creation have suggested Ms S changed the term to 17 months and not 12 months. It's, therefore, their position that the August 2023 statement is correct. I'm not persuaded that is likely because:

- Statements before August 2023 suggest there was a 12-month plan resulting in a total payment of £2,332.08. I've not been provided with an adequate explanation why, as Creation are suggesting, Ms S would extend that arrangement to 17 months at the same rate. That could only result in her paying substantially more and for no benefit.
- If Ms S had extended the term to 17 months instead of 12 in September 2022 as Creation suggest, I think it likely her statements would reflect that. But statements show the arrangement was to repay over 12 months.
- It wouldn't seem sensible for Ms S to agree to pay 17 instalments of £194.34, totalling £3,308.78 when the original direct debit required 24 payments of £134.88, totalling £3,237.12. I think Ms S would be unlikely to agree to enter a repayment plan that saw her paying more and over a shorter period. I think it's more likely that she flexed the term of the agreement to 12 months at £194.34 and, therefore, agreed to pay a total of £2,332.08.
- Creation have provided a screen shot showing that 17 payments of £194.34 was set up on their system but they've not shown when that was established or by whom.

My provisional decision

To put things right I'm expecting to tell Creation Consumer Finance Ltd to reset the account to show that 12 payments of £194.34 were required. If that results in Ms S having paid more than she was required to, they should refund the surplus adding 8% interest.

Creation should also remove any adverse reports they have made to the credit reference agencies as a result of this issue.

I think Ms S will have been inconvenienced by these issues. I don't think Creation have explained matters well to her and she's had to escalate her complaint to this Service when I think it could have been resolved earlier. She's also explained that it was her intention to reduce the term on other items once this one was paid for, and I think it would have been distressing for her not to have been able to do that. In those circumstances, I think Creation should pay her £200 in compensation.

The parties' responses to my provisional decision

Ms S accepted my provisional decision, but Creation didn't. They provided a copy of the login history that they said showed that on 7 September 2022 at 12:08 Ms S successfully made a Flexometer change. They said that they were, therefore, not at fault.

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 reviewed the system information provided by Creation and it does show that the Flexi tool was used to edit the plan on 7 September 2022. I don't dispute that but neither does Ms S. She says she edited the plan to 12 months and Creation still assert that it was changed to 17 months. Creation haven't provided any further evidence to show that the Flexi tool edit was to 17 months and, for the reasons I've already set out above, I think it's more likely Ms S's version of events is accurate.

I've, therefore, found no reason to change my provisional decision and that now becomes my final decision on this complaint.

My final decision

For the reasons I've given above, I uphold this complaint and tell Creation Consumer Finance Ltd to:

- Reset the account to show that 12 payments of £194.34 were required. If that results in Ms S having paid more than she was required to, they should refund the surplus adding 8% interest.
- Remove any adverse reports they have made to the credit reference agencies as a result of this issue.
- Pay Ms S £200 to compensate her for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 1 October 2024.

Phillip McMahon
Ombudsman