

The complaint

You're unhappy that Creation reported a default to your credit file.

What happened

In January 2024 Creation applied a default to your account.

You say they were unfair to do that.

Creation didn't agree. They said that they didn't know you were homeless and that they'd sent letters to you to tell you payments were required. They said that as a payment hadn't been received for some time, they were right to default the account.

When you asked us to look at your complaint our investigator didn't think Creation were wrong to apply a default. She said you were six months behind with payments, so it was fair. But she thought Creation had applied the default too late and she suggested they should apply it in May 2022 instead so that it cleared earlier.

You didn't agree with the investigator. You said you'd told Creation that you were homeless and that they said they'd sold your account to a debt collection company when they hadn't.

Your complaint has been passed to me, an ombudsman, so I can make a decision on it for you.

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 think Creation should change the date of the default but I'm not asking them to do anything else.

The rules Creation should follow say that when customers are behind in their payments for between three and six months they should apply a default. By the time they defaulted your account you were about six months behind. That's because you were four months behind before they put a hold on your account when you'd raised a Section 75 claim with them, and because after they took your account off hold you missed some more payments.

Creation applied a default in January 2024 but I think they could have applied it earlier when they took your account off hold in May 2022.

I'm asking them to do that because defaults don't show on your credit file after six years so the default will be removed quicker than it would have been. I think that's fair.

I've had a look at everything that has been sent to me but I'm afraid there is nothing on file to suggest Creation were aware you were homeless and that they'd have to email you. So, it wouldn't be fair to tell Creation to remove the default because of that.

You said that Creation lied to you about your account being sold to debt collectors. I've seen the email the debt collectors sent you and can see that they mention Creation but that's because they are now in charge of the account you had with Creation and you wouldn't know why they were emailing you if they hadn't mentioned that. Creation have confirmed that your account has been was sold.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Creation Consumer Finance Ltd to change the date of the default to May 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 2 October 2024.

Phillip McMahon
Ombudsman