

The complaint

Ms M complains that Foundation for Credit Counselling, trading as StepChange Debt Charity, failed to add some accounts to her debt payment programme (DPP), and wrongly told her that no interest would be charged on those accounts.

What happened

In January 2018 Ms M set up a DPP with StepChange. Nearly two dozen creditors were included, but she says that a few of her accounts were left out. She also thought that three debts with the same creditor had been consolidated into one debt. When Ms M pointed this out, StepChange contacted her creditors. It says it found out from them that those three debts had not been consolidated, but that two of them had been left out of the DPP altogether. Those debts and some other debts were added to the DPP at StepChange's request. When Ms M complained, StepChange said it wasn't responsible if she or her creditors had not told it complete or accurate information about all of her debts. It said some creditors had given it incorrect reference numbers.

Ms M brought this complaint to our Service. She said all of her debts were listed in her credit file, which she had supplied to StepChange. She also complained that StepChange had assured her, incorrectly, that her creditors would not charge her interest.

Our investigator did not uphold this complaint. He agreed that StepChange wasn't at fault, as it could only go on the information provided to it, and that it had told Ms M in writing that her creditors could continue to charge interest. He also said that Ms M's creditors could have added or updated the debts themselves, on the debt administration scheme's website.

Ms M asked for an ombudsman's decision. She said the only reason she had been charged interest was because StepChange had not set up her DPP correctly. So this case has been passed to me.

What I've decided – and why

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have looked through the copy of Ms M's credit file which she supplied to StepChange with her application. It is dated December 2017, so it was up to date at the time. It lists 24 open accounts with 18 creditors. As I have said already, one of the creditors which had three accounts for Ms M was initially mistaken for three creditors, because it used three different trading names. One of those three accounts had a nil balance. It was these three accounts which were wrongly thought to have been consolidated. There was another creditor which also had three accounts for Ms M, and one of those three accounts was actually in credit by

eight pounds. And there were two other creditors which had two accounts each. So there were actually only 22 debts between 18 creditors.

After Ms M applied for the DPP, she and StepChange exchanged some emails, which I've seen. In one email, Ms M lists 21 accounts, but three of those were with the same creditor, two more were with the same creditor, and two more were also with the same creditor. So there were only actually only 17 creditors on her list, and only 20 debts between them, because one of those accounts had a nil balance. (The account which was in credit was not on her list.)

Based on the information provided to it, StepChange put together a list of 22 accounts for the DPP (not including the nil balance account or the account which was in credit). Two of those have been crossed out for reasons which have not been explained, but they are not on Ms M's list or on the credit file, so they might have been added by mistake and then removed. The remaining 20 accounts belong to a total of 18 creditors. (StepChange knew that at the time, because an email it sent to Ms M in January 2018 mentions a list of 18 creditors.)

I have compared these three lists with each other – the credit file, Ms M's list, and StepChange's DPP. Of the 22 debts on the credit file, only 9 have account numbers which match the account numbers on Ms M's own list. 8 of those accounts were on the original DPP. The ninth (the account with MMP Financial) was missed, but it was added to the DPP in April 2019. There is another account in the credit file, which was not on Ms M's list, but StepChange noticed it and added it to the DPP (the account with Secure Trust Bank). Out of the remaining 12 debts on the credit file, 10 of them appear on both Ms M's list and the DPP. Those 10 accounts are listed on Ms M's list with different account numbers. I don't know why that is. But StepChange says some of the creditors gave it incorrect reference numbers, and I think this proves it. (The DPP has the same account numbers as Ms M's list, which may mean that the account numbers on the credit file are wrong.)

That leaves two accounts on the credit file which were not included in the DPP. One of those was one of the two accounts which were wrongly thought to have been consolidated with the nil balance account. That account has since been added to the DPP. And there was a debt under a hire purchase agreement, but it was not on Ms M's list, and I wouldn't expect that to be included in a DPP.

There was one more debt (with MMF UK Ltd) which was not on the credit file or on Ms M's list, but which was still identified by Stepchange and added to the DPP.

To summarise: there were only two debts which were supposed to be included in the DPP but were not, and they were added soon after the DPP began. I can understand why that would be annoying for Ms M. On balance, I think that one of those was not StepChange's fault: the one which was mistakenly thought to be consolidated but wasn't. I cannot be certain why it was left out, but I think it is more likely that this was the creditor's fault rather than StepChange's. I think StepChange should have included the MMP Financial account in the original DPP, and was mistaken not to, and to that extent I disagree with our investigator. But StepChange quickly picked up on this on 7 March 2018, and rectified it. And the error is mitigated by the fact that StepChange spotted two other debts which Ms M had left out, including one which was not even on her credit file. The interest which would otherwise have been charged on those debts but which was avoided will probably almost balance out the interest charged on the MMP debt, and perhaps might even outweigh it depending on how long it would have taken to remember or discover those debts. So I think the financial impact on Ms M is likely to be very small, and possibly nil. So I don't uphold that part of this complaint.

Finally, paragraphs 1.5(e) and 3.13 of the DPP's terms and conditions explains that interest can still be charged on a debt if incorrect details are provided. (That wasn't the case with the MMP debt, of course, but it was the case with the other debts which were left out and which StepChange still identified.) So I cannot agree that StepChange didn't tell Ms M that interest can be charged in certain circumstances.

My final decision

For the above reasons, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 25 June 2020.

Richard Wood
Ombudsman