

The complaint

Mr J complains that Totemic Limited trading as PayPlan made errors when setting up a Debt Management Plan (DMP).

What happened

In March 2021 Mr J and his representative (Mrs J) spoke with PayPlan to discuss arrangements for setting up a DMP. Mr J had previously dealt with another organisation (S) that provides debt advice but didn't go ahead with its services. Mr and Mrs J spoke with PayPlan and reviewed a copy of his credit file to get a picture of how much he owed and the businesses involved.

During the process of setting up a DMP, an account with a debt collector (L) was found. Mr J queried the debt and told PayPlan he wasn't sure what the account related to. A suggestion that the account may relate to a debt with a credit union (M) was made. PayPlan asked Mr J to check with M and S to confirm the details of the proposed debt. Mr J was also referred to L for information about the debt reported on his credit file. Details of the debts to be included in the DMP were sent to Mr J.

After PayPlan contacted L on Mr J's behalf it advised he had an account with another business (B). But the information returned by L showed a lower outstanding balance.

In May 2021 PayPlan sent Mr J a list of creditors and details of the proposed DMP. The total outstanding balance to all creditors was noted as about £17,000.

In July 2021 it came to light Mr J's debt with M hadn't been included in the DMP. The debt was ultimately closed by M and sold to a debt collector. PayPlan went on to add the account to Mr J's DMP and a new financial statement was sent to his creditors.

Mr J complained that PayPlan hadn't included the debt with M in his DMP. PayPlan sent Mr J a final response and agreed there had been some confusion that led to the debts with L and M being mixed up. But PayPlan said both Mr and Mrs J had been asked to check whether the accounts with M were included in the previous DMP arranged with S. PayPlan also said Mr and Mrs J had been asked to contact L directly as well.

Mr J's complaint was reviewed by an investigator at this service. They thought PayPlan had dealt with Mr J's complaint fairly and didn't ask it to do anything else. In response, Mr J made various points and said PayPlan had upheld his complaint and that it had failed to check and include important information when arranging the DMP. As Mr J didn't accept, his complaint has been passed to me to make 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.

First, I'm aware I've set out the background to this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mr J says the debt with M should've been included in the DMP arranged by PayPlan but wasn't. I've looked at the timeline and interactions between Mr and Mrs J and PayPlan as well as the information that was provided. Whilst I agree there was confusion over the debts Mr J had at the time, I think it's fair to say that PayPlan asked for information to help establish the correct position. I've listened to the calls with PayPlan and seen emails and correspondence that was sent. I'm satisfied that at an early stage in Mr J's dealings with PayPlan it asked him to provide additional information about his debts, contact his creditors and get further information from S.

In response to the investigator, it was explained that Mr J's email address had changed so he didn't receive PayPal's messages. Whilst that may be the case, PayPlan wouldn't know Mr J had changed his contact information unless it was informed. I'm satisfied PayPlan was using what it thought was up to date details to try and get in touch with Mr J. I can also see attempts to call Mr J were unsuccessful.

Whilst I agree there was confusion by PayPlan, I haven't been persuaded it acted unfairly when arranging the DMP. When full details of the debt were made known to PayPlan it quickly took steps to include it in a revised DMP which was reasonable in the circumstances.

The account with M was ultimately closed and transferred to a debt collector. But I haven't been persuaded this was caused by PayPlan's actions. I think it's reasonable to note that Mr J's DMP payments were due to be made from April 2021 onwards but were often missed. Direct debit instructions were cancelled and regular payments, in line with the DMP, weren't made. So whilst I can see the account with M did close, I think that reflects the financial difficulties Mr J was facing at the time rather than errors with the way PayPlan dealt with his DMP.

I'm sorry to disappoint Mr J but as I'm satisfied PayPlan dealt with his complaint fairly I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 April 2022.

Marco Manente
Ombudsman