

The complaint

Ms B complains she's paid more on her debt management plan with MoneyPlus Group Limited than she actually owed at the beginning of the plan 17 years ago.

What happened

Ms B says she's paid off more than her debts were, so thinks there shouldn't be anything outstanding at this point.

MoneyPlus said the current amount outstanding was £5,417.09 which they estimated would take another three years and four months to complete the plan in full.

MoneyPlus said when Ms B first got in touch in August 2005, they spoke to each of her creditors to find out how much was owed. They listed out each of these balances, explained a further debt had been added in February 2017, and the total debt Ms B owed was £33,298.32. They said Ms B had paid £35,280 into the plan, of which £28,115.01 had been distributed to her creditors, and £7,164.99 had been paid to them in management fees. Having set this out, MoneyPlus said it leaves a discrepancy of £233.87, and said this relates to interest and charges continued to be charged by Ms B's creditors at the start of her plan – but all creditors have since frozen interest and charges. Overall, they didn't uphold Ms B's complaint.

One of our Investigators explained we had no authority to look at complaints about debt counselling / debt adjusting – which is what Ms B's concerns relate to – until April 2007. So, this meant we couldn't look at the setting up of the plan, or whether the original balances were correct – we could only consider if MoneyPlus had managed the plan properly after April 2007.

Both parties accepted this – so one of our Investigators then assessed the substance of Ms B's complaint and didn't think MoneyPlus had done anything wrong. Ms B didn't agree, saying she'd paid more than she owed and didn't think the amount MoneyPlus said she owed was accurate. So, the complaint's been passed 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.

Ms B has said in her response to the outcome of her complaint that she'd paid more than the debt she owed. This is true based on what MoneyPlus have said – because out of the amounts Ms B has paid, £7,164.99 have been taken in fees (as at the time of the response from MoneyPlus) to them for managing the plan.

As I've set out above, I can't make any findings about issues that occurred before we had authority to consider them. I can consider whether I'm satisfied the amounts Ms B has paid have been fairly distributed – either to her creditors or taken in fees by MoneyPlus.

Payments to creditors

From MoneyPlus' notes I can see the plan started in July 2005 with a monthly payment of £180, and annual reviews were carried out from then onwards. I've also seen frequent updates to the balances of the debts, with them reducing regularly over the years. So, it seems from the information I have MoneyPlus have been paying off Ms B's creditors as I'd have expected.

I've noted as well MoneyPlus have sent Ms B annual reviews, and annual statements – both of which show the outstanding balances to her creditors. These also show the balances reducing over the years I've got this information for. So, overall, I think MoneyPlus have been paying off Ms B's creditors as they should have been.

Fees

For me to uphold this element and say Ms B has been overcharged or MoneyPlus have done something wrong, I'd need to be satisfied they'd applied the fees incorrectly or not made her aware of them.

Although I can't consider what happened when the agreement was taken out, MoneyPlus have provided a copy of the original agreement Ms B took out – which says the fees would be 16% of her monthly payments – coming to £28.80 / £28.79 per month.

There were then three increases to the monthly fee charged which I can consider. The second change of fee document shows the fees would now be 17.5%, coming to £31.50 per month. The fourth and last fee change MoneyPlus wrote to Ms B on 3 April 2018 to tell her the new fee she'd be charged was a flat fee of £44.50.

There was a third fee change I don't have paperwork for but given MoneyPlus did tell her about the fees three out of the four times, I think it's more likely than not they told her about this third time as well.

Ms B's monthly payment remained at £180 for the lifetime of the plan. Her statements show the following:

- July 2005-May 2008 Ms B paid £28.80 / £28.79 – which is 16% of her monthly payment.
- June 2008-November 2009 £31.50 per month – which is 17.5%
- December 2009-May 2018 £35 per month – which is 19.4%
- June 2018 to the date of the complaint £44.50 per month – a flat fee they're now charging.

So, the charges have been applied in line with the documents I have for three out of the four series of charges. For the remaining one, I've also seen in the annual reviews and annual statements I've been given the fee of £35 was being mentioned.

Overall then, I have to conclude that I'm satisfied Ms B was made aware of the fees, and I've not seen anything to suggest they've been charged incorrectly.

Summary

Taking everything into account I've seen nothing to suggest MoneyPlus haven't been crediting the money to Ms B's creditors as they should be – nor have I seen any evidence they've applied their charges unfairly or incorrectly.

Ms B has a plan with MoneyPlus on which they'll continue to charge fees for their services – and it's these fees I think which have caused Ms B's concerns. As I said at the beginning, she has paid more than her debts were when she first took out the plan, but she's not factored in the fees she's been charged. But, as I've found these fees have been charged correctly, MoneyPlus haven't done anything wrong.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 20 September 2022.

Jon Pearce
Ombudsman