

The complaint

Mr O has complained that Bridgewater Support Solutions Ltd (trading as DFH Financial Solutions) didn't administer his debt management plan properly.

What happened

Mr O had a debt management plan with DFH, which ran from summer 2020 until summer 2022. He complains that he paid the stated sum, but his creditors are still chasing him, saying he still owes them substantial balances. He suspects that DFH did not pass on all the money it was supposed to.

DFH did not give a final response to Mr O's complaint, nor respond to our service. We asked Mr O for statements from his creditors to show what was or was not paid, but he did not provide this.

Our investigator looked into things independently and told DFH to carry out a full audit of the plan and its payments. DFH didn't reply, so the complaint's been passed to me to decide.

I sent Mr O and DFH a provisional decision on 18 September 2023, to explain why I thought the complaint should be upheld. In that decision, I said:

In the copy of the debt management plan agreement I've seen, DFH set out that Mr O would pay a total of £11,199 over two years, to pay off his debts and the fees. Mr O has evidenced that he paid £11,205.60 over two years. So it would appear that he paid what was needed under the agreement.

From the limited information I have, I can see that Mr O's debt balances have reduced, so it seems that DFH did pass on at least some of the money. But Mr O has provided letters from creditors setting out that substantial arrears remain. And he was chased during the debt management plan as well as after he finished paying it, which indicates this wasn't simply a matter of DFH underestimating what he needed to pay in total. Further, while it is possible that the odd creditor will refuse to engage constructively with a debt management plan or have a miscommunication or administrative error, Mr O's been chased by a number of his creditors. So it tends to indicate something went wrong with the plan.

DFH has not provided any evidence to show that it advised Mr O appropriately, or that it properly engaged and negotiated with his creditors, or that it distributed the funds correctly. And it's very concerning that it has not engaged with our service. Based on the evidence I have so far, and the balance of probabilities, I cannot be reasonably satisfied that DFH did what it was supposed to. I find it's more likely than not that it did not administer Mr O's debt management plan appropriately.

In terms of putting things right, it would be unfair for DFH to keep the fees it took if it did not provide the full service paid for to the quality required. So I currently think those fees should be refunded to Mr O. DFH should also pay him simple interest on those fees, at the rate of 8% simple a year, to compensate Mr O for the time he was without that money. This is the same rate the courts use in situations like this.

As DFH has not provided its records and Mr O has not provided statements from his creditors, I can't say for certain what amounts DFH did or did not pass on, or what exact financial losses Mr O may have incurred. But I plan to direct DFH to refund any amounts it was supposed to pass on, but didn't. Again, it should add simple interest to compensate Mr O for the time it held onto his money improperly.

Lastly, when a business gets things wrong, we often tell it to pay compensation, to recognise its errors and the non-financial impact of them. In terms of the amounts, it's worth bearing in mind that we're here to resolve complaints informally, and not to issue fines or to punish businesses – it's the Financial Conduct Authority (FCA) who will decide how best to regulate DFH. In this complaint, I understand that DFH caused Mr O considerable stress, anxiety, and inconvenience, and he will have to put in a lot of extra effort to sort things out with his creditors. So taking into account the likely impact DFH had on him, alongside our guidelines for compensation, I think £600 compensation would be fair to put things right here.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 2 October 2023. DFH hasn't replied to the provisional decision. Mr O asked some questions to clarify the decision and the next steps, which our investigator answered. Otherwise, he didn't make any new submissions.

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.

Neither side have sent me any new evidence or arguments before the deadline. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct Bridgewater Support Solutions Ltd to:

- Refund the fees it took from Mr O;
- Refund any amounts which it was supposed to pass onto Mr O's creditors but did not;
- Pay simple interest to Mr O on the above, at the rate of 8% simple a year, payable from the date each fee was charged and the date of each payment it missed until the date they're refunded[†]; and-
- Pay Mr O £600 compensation for the trouble and upset it most likely caused.

[†] If DFH considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr O how much tax it's taken off. It should also give Mr O a tax deduction certificate if he asks for one. Mr O may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

My final decision

I uphold Mr O's complaint, and direct Bridgewater Support Solutions Ltd to put things right in the way I set out above.

If Mr O accepts this final decision, Bridgewater Support Solutions Ltd must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 1 November 2023.

Adam Charles
Ombudsman