

## **The complaint**

Mr S complains that MoneyPlus Group Limited (MPGL) have poorly managed his debt management plan (DMP) since they took it over, causing him to have late payment markers reported to his credit file.

## **What happened**

Mr S has had a debt management plan for several years with a business I'll refer to as I. he says the plan had always run smoothly until April 2023 when MPGL bought I and took over the plan.

Mr S was asked to set up a new monthly payment to MPGL, which he did. But following this he noticed he had late payments appearing on his credit for one of his accounts that was included in the DMP. The account in question belonged to a business I'll call C and was administered by a business I'll call N.

Mr S complained to MPGL about this and said they hadn't explained properly how they distributed his monthly payments. He also complained that they had put up his monthly management fee without warning.

In addition, he made a complaint to N, trying to get to the bottom of the issue. As well as a complaint to C as they were ultimately the ones who could request amendments to his credit file as the account owners.

All three businesses issued final response letters:

N Said the late payment markers were reported because of the date the payments were received from MPGL, but that as the payment had ultimately been received, they had asked C to remove the markers from his credit file. They went on to say that Mr S had a minimum monthly payment amount of £12.47 and that amount hadn't always been met and so there were arrears on his account, which meant his credit file wouldn't show as being up to date until those arrears were cleared. The arrears were less than £3.

C said they were reporting the information based on what N were telling them, but on reflection they shouldn't have been reporting it at all as they had actually sold the debt on to another debt purchaser (DP). They requested that the reporting of the debt was removed from Mr S' credit file and made an offer of compensation to him. They did point out though that DP may start reporting to Mr S' credit file as the new owners of the account.

MPGL didn't uphold Mr S' complaint, they said they had always processed the payments within five days of receiving them and that any payments being received by N later than that would have been outside of their control. They explained they had been in contact and was working with N to resolve the issue and was waiting for the reports to be removed by C.

The explained the way payments are distributed to creditors is laid out in the online portal which Mr S had had access to since February 2024. But that if he needed help with this he could contact them.

They also explained that they had sent three emails to Mr S on 17 and 20 May 2024, regarding the increase in the monthly management fee. The emails explained the fee would change from 26 June 2024 and that if Mr S wanted to discuss this he should get in touch.

Mr S was unhappy with all the responses and thought all the businesses just blamed each other, without getting to the bottom of matters so he referred his complaints to our service.

Each complaint was dealt with separately – this complaint is about the actions of MPGL only.

Our investigator didn't uphold Mr S's complaint, in summary they said:

- MPGL had dealt with Mr S payments efficiently – they said they could see in April and May 2023, Mr S had made card payments to the plan and that MPGL had processed these on receipt of them. And from June 2023 onwards the payment was made by direct debit and all but the August 2023 Payment reached his account and were processed within 3 days. The August 2023 payment took longer as it was across a bank holiday weekend and so was outside of MPGL's control.
- MPGL had given sufficient notice of the monthly management fee increase, sending Mr S three emails in total across 17 and 20 May 2024, with the fee increasing more than a month later on 26 June 2024.
- MPGL had given Mr S enough information for him to be able to see how MPGL distributed the funds he paid to his creditors, as the information was available in the online portal for him to access and was also available in the annual review he completed with them in February 2024.

Mr S didn't agree with the investigator's findings he argued that he never experienced any of the problems he was now encountering prior to MPGL taking over his DMP from I. He disagreed that MPGL gave him prior notice of the increase in the monthly management fee and felt MPGL were incompetent.

The matter has now 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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

I think it's important here to reiterate that this decision is only about the actions of MPGL, although I have taken into account what happened with the other businesses in order to reach what I believe is the fair outcome here. Having done so I won't be upholding Mr S' complaint, I'll explain why.

The documents MPGL provide when giving advice (including annual review documents and information in the online portal) say:

*We will make payments to your creditors generally within five working days of receiving your debt management plan payment from you. This is distributed on a pro-*

*rata basis meaning the creditor you owe the most to receives the largest amount and the creditor you owe the least to receives the lowest amount.*

### *Late payment records*

N stated in the final response they issued, the reason they had asked C to record the late payments was because of the dates the payments were being received from MPGL. N have provided a copy of the payment records for the account dating back to October 2017, which is some years before MPGL took the DMP over. The records show that throughout the years payments haven't been regularly received on the same day each month and there have been multiple occasions where no payment has been received in one month but two have been received in the following month, this has often occurred where a bank holiday has been at the end of a month. So, it appears the issue of payments not being received by N on a specific day pre dates MPGL taking over the DMP, so it's strange that this only triggered late payment markers after MPGL became involved.

Having reviewed the evidence provided I'm satisfied that MPGL were processing the payments received from Mr S within the five working day period as set out in the advice they give. Additionally, I can see that MPGL told Mr S they were in contact with N trying to sort things out with them, but I haven't seen anything from N or C that says a payment must be made by a particular day in the month, which I would expect, if they are saying the payments were late. So, without being provided with such a deadline I can't fairly say that MPGL were doing anything wrong in the way they were processing Mr S payments to N.

N also suggested that Mr S' account was in arrears, and this would also be affecting his credit file as the account would not be showing as up to date while the arrears were outstanding. I have considered if MPGL have done anything here that causes the arrears, but I can't see that they have. I say this because N stated Mr S had a minimum monthly payment of £12.47 that had to be met. I can see a monthly payment of between £14.95 and £14.97 was going to N from as early as November 2019 and continued after MPGL took over in April 2023 until March 2024. So, this would have meant a monthly overpayment of around £2.50 was being made for a number of years. In April 2024 for a period of four months the monthly payments dropped to £12.10 followed by one payment of £11.22. Given the number of months the account was being overpaid I can't see a scenario where MPGL's actions have caused the arrears to accrue.

MPGL told us the underpayments happened because of the way the funds were distributed – on a pro rata basis - meant the payment to N dropped as funds were moved to other creditors, who were owed more. I've looked at why this occurred and it appears it could have been the result of manual overpayments Mr S had made to N in February and March 2024, totalling £70 and reducing the overall balance owed to N. They were not aware at the time of the minimum payment requirement for this account. However, once they were made aware they placed a minimum lock on the monthly figure of £12.48 so this couldn't happen again, which I think was a fair thing to do.

### *Distribution of payments*

MPGL have provided this service with the documents from the review they carried out with Mr S on 27 February 2024. Mr S has signed the document, so I'm satisfied he has seen it. As noted above there is a paragraph within it that explains how payments are distributed to creditors. The paragraph is included on page six under the heading "Key facts – your personal illustration" and again on page 14 under the heading "explanation of our fees". It is

also available for Mr S to access in the online portal, which MPGL have shown he has used previously.

Taking all of this into account, I think MPGL gave Mr S enough information for him to understand how they would distribute the payments to his creditors. But for the sake of completeness, even if I didn't think they had given him the information which – to be clear – I do, I'm not sure what difference this would have made to Mr S. I say this as from what I have seen across the industry the proportionate distribution of funds is standard practice within DMPs. And it is the same way the funds were being distributed before MPGL took over the DMP.

### *Increase in management fees*

MPGL have provided evidence showing that they sent an email to Mr S on 17 May 2024 explaining the monthly management fee they charge would be increasing to £46 or 49% of the monthly payment whichever was the lower. They sent a follow up email on 20 May 2024 – however this email contained an error that said the new fee would be £46 or 49% whichever was *greater*. Both emails said the change would take place from 26 June 2024. Later the same day a correction email was sent to Mr S explaining it was “whichever was the lower” not the “greater”.

The emails were sent to Mr S more than a month before the change took place. So, I'm satisfied there was pre- warning given to Mr S that change would happen, and the fees would increase. I appreciate that Mr S isn't happy with the increase but that doesn't mean that MPGL have acted unfairly by making the change. And they did invite him to get in contact should he want to discuss it. I'm not sure discussing it would have changed anything in terms of the charges, but had he contacted them Mr S could have been advised of his options.

Bringing all of this together, I'm satisfied that MPGL have acted fairly when dealing with Mr S' DMP and so I won't be asking them to do anything different here.

I realise Mr S feels strongly about his complaint and will likely be disappointed with the outcome, but I hope my explanation goes some way to helping him understand why I have reached this decision.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 July 2025.

Amber Mortimer  
**Ombudsman**