

## **The complaint**

Mr W complains Foundation for Credit Counselling trading as Stepchange haven't supported him with his Token Payment Plan (TPP).

## **What happened**

Mr W has a medical condition and says he specifically sought support from Stepchange to help manage his debts. He also asked Stepchange for help to avoid the overwhelming admin and creditor stress he went on to experience.

Two of Mr W's debts were with a company I'll refer to as F. These were transferred over to a company I'll refer to as H1. Between February and March 2025 Mr W provided the correct eight-digit reference number to Stepchange for them to be able to locate the debts. But, Mr W says Stepchange repeatedly told him they couldn't update the plan. Initially because they said he hadn't told them H1's full name, and then because they said they didn't have access to his previous emails. Mr W says Stepchange also refused to contact H1 – even after H1 said they'd sent the relevant information to Stepchange.

Stepchange said on 21 January and 5 February 2025 F contacted them and said they weren't handling Mr W's accounts with them anymore. They didn't tell Stepchange who now was, so Stepchange sent a letter to Mr W to ask who was. On 17 February 2025 Mr W replied, and provided the reference number, but say he didn't give H1's full name, so Stepchange couldn't transfer the debts. Stepchange asked for a sort code.

Between 25 February and 6 March 2025 Mr W emailed Stepchange telling them he couldn't get a sort code – again, Stepchange made reference to Mr W not giving H1's full name. On 19 March 2025 Mr W did give the full name, but Stepchange say he didn't give the eight-digit reference and they couldn't access it – so asked him for it – this was then provided 24 March 2025. Stepchange said sorry for all of this, as they felt they'd missed several opportunities to update his plan.

Unhappy with this Mr W asked us to look into things, saying Stepchange acknowledged they'd missed several opportunities to update his plan and said sorry. But, he felt this went beyond a simple mistake and shows serious gaps in their processes and communication standards – particularly for vulnerable customers. Mr W asked us to consider if Stepchange had acted fairly, and he wanted us to consider if their systems are appropriate for the people they claim to support.

Mr W then contacted us to say there had been further developments. He said Stepchange had contacted him and said his TPP is no longer appropriate because there is no end date to his financial hardship – something he said was unrealistic and discriminatory. He said he'd sent Stepchange a detailed response but wanted this added to his case.

Stepchange said when Mr W called he was told they could only extend his TPP for a further three months, when he asked for six months. Stepchange accepted they should have extended it for six months given his reasons, and were also sorry about some of the

language the adviser used. Stepchange extended the plan to 1 December 2025 and also upheld this complaint.

Mr W remained concerned there had been no formal acknowledgement or reasonable adjustments for his health condition. He was also unhappy Stepchange now upheld two complaints but hadn't paid any compensation, and their final letter suggested the TPP wouldn't go beyond December 2025.

Our Investigator considered all of these issues, and overall felt £150 compensation was a fair way to put matters right.

Mr W didn't accept this. In summary using my own words he said:

- These issues are the latest in a series of failings by Stepchange which include two upheld complaints with no compensation offered by them.
- He continues to face structural barriers – including health related access issues, past history checks, and delays caused by other parties. These are external factors outside of his control, but Stepchange seem to be characterising them as a lack of progress on his part.
- He's particularly concerned by the TPP not being sustainable due to the absence of a fixed end date. He finds this very unfair as he explains the issues in each review yet they appear to be ignored.
- Reasonable adjustments have only been 'noted' – no proactive adjustments were offered or discussed.

Mr W asks for this wider context to be taken into account – saying the scale and repetition of failings, along with the lack of proactive behaviour from Stepchange should mean more compensation is appropriate because of the significant impact on him.

As Mr W didn't agree with our Investigator, 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.

I think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. 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.

#### *The change over of the debts from F to H1*

As a starting point I think it's unfortunate F didn't tell Stepchange who the debts had been transferred over to. I think that would have helped Stepchange identify who to pass on the payments to in future, and would have prevented a significant amount of the issues Mr W subsequently went on to experience.

But, this complaint is about Stepchange's actions, so I'll focus on those.

I can see why, at the point of receiving notification F they were no longer managing Mr W's accounts, Mr W would have wanted Stepchange to contact F directly rather than involving him.

The terms of Mr W's TPP says, amongst other things, Stepchange:

*1.5 will normally make payments to the creditors listed in my token payment plan within five business days of receiving cleared funds from me ("me", in this context, being Mr W). I am aware that there may be occasions where they will be unable to do this for reasons including the following:*

*(c) if they become aware of any of the following:*

- incorrect or missing creditor details or references;*
- that my creditor is no longer dealing with my debt;*

I suspect it's likely Stepchange believed Mr W had been made aware F were no longer dealing with those two accounts – and that he'd know who was. In the circumstances, this wouldn't be unreasonable.

So, I don't think it's unreasonable initially Stepchange asked Mr W for the relevant details – even taking into account his health condition. I think in the circumstances Stepchange may well have expected one email back, with the information needed – and this was likely to be significantly quicker than contacting F. In ensuring no payment is missed, then Stepchange aren't exposing Mr W to potential additional creditor action.

But, I think Stepchange should have done more when it became clear the details Mr W was giving them weren't ones they could tally up. I'm also particularly disappointed to see Stepchange ask Mr W for the eight digit reference number saying they couldn't access historic emails. I find this extremely poor, particularly given at this point Mr W has articulated how this issue is impacting him.

I'm pleased to see Stepchange finally put the pieces of the puzzle together, and I accept some elements weren't in Stepchange's control. But, I think quite a bit of it was, and I think they could and should have handled things better. I appreciate what Stepchange's terms and conditions say, but just because they say they won't do something, doesn't mean in certain circumstances they can't. Here, I think they could have done more to support Mr W.

With that in mind, I'll be upholding this part of Mr W's complaint. I'll come back to the compensation at the end.

In respect of the phone call, again Stepchange have accepted they've made an error by not agreeing to extend Mr W's TPP to December 2025.

I can see Mr W feels like Stepchange aren't fairly taken into account his specific circumstances for when they're saying they'll extend the TPP to.

While I understand his point, I don't agree with him. It's noted on Mr W's TPP plan the following:

*A token payment plan (TPP) is an arrangement where you make a monthly token payment of £1 to each of your creditors for up to a year.*

So, generally, TPPs are only put in place for one year – but Mr W's was put in place on 24 May 2024 and has now been extended to 1 December 2025. Given that, it seems to me Stepchange are taking into account his specific circumstances.

In respect of the TPP potentially not being extended beyond December 2025 this isn't something I can really comment on. I say that because it hasn't happened yet. If Mr W was

unhappy with Stepchange's actions at that point, then he'd be entitled to raise a new complaint.

I'll be upholding Mr W's concerns regarding the phone call and language used in it.

In respect of Mr W's concerns regarding reasonable adjustments I can't see he's specifically complained to Stepchange regarding this point. Mr W has said during his complaint he's not specifically asked for any reasonable adjustments – but in response to our Investigators view says no proactive support or suggestions have been made by Stepchange. In context, it seems Mr W isn't happy with this. As I can't see he's raised a complaint, he'd have to do so first. If he has raised a complaint and either eight weeks have passed or he's received a final response letter then our service may be able to set up a new complaint.

Finally I'm aware of Mr W's thoughts about there being systemic issues at Stepchange. I'm sorry to hear that's been his experience. But, I am limited to only looking at the complaints in front of me. I can't decide anything which Stepchange haven't already been given the opportunity to comment on. So, with that in mind, my decision on fair compensation will only reflect the two complaint issues I can consider.

### **Putting things right**

Deciding compensation isn't an exact science. What I need to do is look at the impact on the individual and decide it from my view of this. To be clear, I will absolutely be taking into account what Mr W has told us about how these two complaints have impacted him personally because of his health condition.

Having thought about this, and taking into account not all of the errors were Stepchange's, I do think £150 compensation is fair and in line with the kinds of awards we'd make. So, while I understand Mr W may be disappointed, I won't be telling Stepchange to pay more.

### **My final decision**

I partially uphold this complaint and require Foundation for Credit Counselling trading as Stepchange to pay Mr W £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 November 2025.

Jon Pearce

**Ombudsman**