

The complaint

Mr A complains Bridgewater Support Solutions Ltd trading as DFH Financial Solutions didn't handle his Debt Management Plan (DMP) process properly.

What happened

On 4 August 2023 Mr A seemingly first contacted DFH to discuss two debts he had which he was concerned about. Ultimately a DMP was put in place following a lengthier phone call on 20 September 2023. Mr A has raised the following concerns:

- He asked about the impact on his credit report and was told being in the DMP wouldn't impact it, but he's now received defaults.
- DFH said they'd handle all communications with his creditors, but he still received threatening letters from them about missed payments – and when speaking to his creditors, he found DFH hadn't been in touch with them.
- He was charged significant fees for DFH's services, which he understood would reduce his overall debt quicker, but actually the fees extended the time it'd take to repay the debt rather than reducing it. He was also unhappy with the disclosure about the fees.

DFH said overall they felt it was clear Mr A was made aware of the potential impact of a DMP on his credit report. They also felt the fees had been explained properly, and that the creditors had confirmed contact from them. So, they didn't uphold Mr A's complaint.

Unhappy with this, Mr A asked us to look into things, saying DFH's response didn't address his concerns properly.

One of our Investigators did so but overall found DFH hadn't treated Mr A unfairly.

Mr A didn't agree with this. In summary, he said:

- Credit report impact – he explicitly asked about this because he needed to maintain a good credit score and wanted to preserve his eligibility for a mortgage. He says DFH's vague assurance that a mortgage shouldn't be refused solely due to a DMP wasn't a fair disclosure of how detrimental a DMP would be.
- Creditor communications – he received multiple contacts from creditors, which suggests they weren't aware of the DMP, contrary to DFH's actions. He asks if DFH did contact his creditors in September as they've said, why then did the creditors continue to contact him.
- Fees – he says he was led to believe DFH's fees would accelerate the repayment of the overall debt, not prolong it. He also says the explanation around fees wasn't transparent – and he disputes the call or follow up communications properly explained the longer-term impact or cost-benefit implications.

Overall, Mr A says the DMP was mis-sold to him. As Mr A didn't agree with our Investigators outcome, 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.

A large proportion of Mr A's concerns stem from the call on 20 September 2023. I've listened to this call in full, as well as the calls before it, to inform my outcome.

Credit report impact

In the call on 20 September 2023, DFH explain Mr A's credit rating could be impacted in the short, medium and long term and he could receive defaults if the contractual payments aren't being met.

DFH add if Mr A were to choose a different option than the DMP – such as a Debt Relief Order, Bankruptcy or Individual Voluntary Arrangement then this would write off the debt and as such could have a heavy impact on his credit rating. They then go on to say a DMP shows someone is looking to pay back their debt, and this could improve someone's credit rating.

At this point in the call, I think this statement by DFH has the potential to be somewhat misleading to Mr A. I say that because from everything DFH have gathered at this point Mr A has continued making his contractual monthly payment to each of the two accounts. Against that context, I don't think it's relevant to have told Mr A that 'someone' could get a better credit rating when in his case that doesn't appear as though it could be true at that point in time.

Shortly after this, Mr A explicitly asked what impact the DMP would have on his credit rating – and he mentions he intends to apply for a mortgage in the future.

DFH say they've never heard of a DMP being recorded on a credit report, and all it'll show is as a reduced payment and a default but that's it. DFH say people can still get a mortgage and car finance on a DMP and reiterate it'll be more positive on Mr A's credit rating because he'll pay it back.

Overall, I think DFH could have been clearer in their explanations to Mr A about the impact on his credit report – saying the DMP would improve his credit report I don't think was entirely accurate.

But, I also can't agree with Mr A's comments he wasn't told there would be an impact – he was told this and given the chance to ask questions about it – which he did.

In situations where I think a financial business could have done better, I need to next think about the impact of their actions / lack of actions. It doesn't automatically follow because I think they could have done better that a complaint should be upheld – I'd need to be satisfied the error caused an unfair impact.

To decide that I need to think about the wider context of Mr A's contact with DFH. He called them because a 0% interest rate offer on one of his credit cards was coming to an end – and when DFH did an income and expenditure with him, he only had £44 spare a month. My understanding is the interest would have likely been more than this – so it's possible Mr A's minimum contractual monthly payment would have increased by more than he could afford.

In the circumstances, although I think DFH could have provided a clearer explanation to Mr A about the impact, I'm satisfied they did explain there would be one – and that Mr A's circumstances suggested there could have been a worse impact if the DMP wasn't put in place.

Handling creditor communications

In the 20 September 2023 call, on a few occasions, DFH explain if Mr A's creditors get in touch with him, then he just needs to forward it over to them and they'll deal with it.

A large number of emails DFH sent to Mr A shows they expect creditors to still get in touch with Mr A initially. The emails explain this is normal, and any time someone does Mr A should forward this over to them and they'll deal with it.

DFH's notes show they did contact Mr A's creditors – and that those two creditors also replied to DFH as they've said on 26 September 2023. I've also been provided with letters Mr A's creditors sent to DFH. Why they continued to contact Mr A after being notified DFH were supporting him I don't know – but if Mr A is unhappy with this, he may wish to contact them directly to discuss it further.

Fees

The first mention of anything to do with costs is in the initial call on 4 August 2023. DFH tell Mr A there are free debt counselling companies available.

The fees are mentioned in the 20 September 2023 call when Mr A asks what's in it for DFH in putting the DMP in place for him. Shortly after DFH then go through the fee costs in detail – setting out the specific amounts, how long they're charged for and so on. DFH give Mr A the opportunity to ask questions, and he doesn't.

DFH then follow this up in writing with an information pack which sets out the costs as well.

While I understand Mr A feels the fees weren't clearly explained on the phone or later on, I can't agree with that. I think they were clearly explained on the call where Mr A had a chance to discuss them – and then they were put in writing to him.

Summary

In summary then I've found DFH did explain to Mr A there would have been a credit report impact, albeit not as clearly as I'd have liked, but I'm satisfied this hasn't had an unfair impact. I also think DFH did what they said they would about Mr A's creditors and did explain the fees properly – most notably in the key phone call on 20 September 2023 before Mr A had committed to the plan.

I'm genuinely sorry to read of the difficulties Mr A has since experienced, and I know he'll be disappointed in the outcome I've reached – but overall I think DFH fairly sold Mr A a DMP.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 February 2026.

Jon Pearce
Ombudsman