

The complaint

Mr U complains Debt Support Service Limited (DSS) failed to administer his debt management plan (DMP) correctly leading to him incurring losses.

A representative has supported Mr U in bringing this complaint, but for simplicity I'll just refer to him in this decision.

What happened

Mr U entered into a DMP with DSS to repay his creditors. Unfortunately, the Letter of Authority (LOA) had an incorrect date of birth for him. This meant one of his creditors didn't accept the LOA and didn't record he was in a DMP – this also meant this creditor didn't stop charging interest. Mr U was also unhappy about statements – which he said didn't show any useful information – and about management fees.

So, Mr U complained to DSS about these issues, along with DSS not replying to an email in November 2024.

DSS accepted they'd sent out incorrect statements and said they should have acted on the errors with the LOA earlier. For these points they said sorry and offered £100. But, otherwise, they didn't think they needed to do anything further.

Mr U didn't accept this, so asked us to look into things.

One of our Investigators did so. She ultimately decided:

- DSS didn't do anything wrong regarding the management charges
- Fair compensation for all the issues would be £250
- She also felt a refund of interest the creditor who continued to charge the account should be repaid by DSS to Mr U – she calculated this to be £928.89

Mr U ultimately accepted this outcome. DSS accepted the compensation of £250, but didn't think telling them they had to pay Mr U the lost interest was fair. 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.

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.

Mr U has accepted the outcome of the management charges and response to the email in November 2024 – so I don't need to decide these points. I'll come back to the compensation

at the end, as I think I need to first decide if it's appropriate to require DSS to refund the interest charges Mr U incurred.

Generally speaking, our role is to, as far as possible, put someone back in the position they would have been in but for the error that occurred.

The first question is whether DSS are responsible for the error – and the second question is whether it's right to hold them responsible for the financial loss Mr U has incurred.

I've seen the creditor tell DSS on a number of occasions they need a LOA. DSS have pointed to a number of contributory factors – including:

- The document being signed by Mr U which had the incorrect date of birth on
- The creditor in question providing sensitive information about Mr U at times, despite the lack of a valid LOA
- The creditor never explicitly telling them the date of birth was the issue with the LOA
- All other creditors accepted the LOA

I do have some sympathy here with DSS – as I think it's fair to say there were contributory factors which led to this event happening. But, ultimately, DSS are the party charged with managing Mr U's DMP. In this case, they were told on a number of occasions by the creditor that the LOA wasn't acceptable to them, which DSS didn't get to the bottom of.

So, I'm satisfied it's fair to say DSS could and should have done more on this point. And not doing so has had an unfair impact on Mr U.

As I've set out above, that'd typically mean DSS are responsible for any losses Mr U has incurred. But, DSS argue the creditor 'may' not have charged the interest we've recommended they pay. This is partly based on the creditor's responses to this issue. DSS add this feels significant to them, because they feel being responsible for financial loss requires a solid conclusion.

I agree it's unhelpful the creditor has provided differing information to DSS and then us. But, again, this is a complaint about DSS and their actions. So, I can only look at that.

In terms of the creditor saying they 'may' have frozen interest and charges, I also agree this has added an element of uncertainty into this matter. But I can't agree about reaching a solid conclusion. I say that because at times information is incomplete or contradictory – so, in those situations, I'm required to decide what I think is more likely than not to have happened – taking into account the information I do have.

It's quite common for financial businesses to cease charging interest when someone is in a DMP. That's because the person can't afford to repay what they were previously being asked to. This is known as forbearance, and it's unusual to see scenarios where interest isn't paused.

Given this general approach, I'm satisfied it's more likely than not – based on everything I've seen – the creditor would have frozen the charges. I appreciate DSS want a solid conclusion, and understand this will feel unfair to them. But, for the reasons I've mentioned, I'm satisfied this means DSS' error has more likely than not led to a direct loss to Mr U.

I think DSS' key argument is they're concerned the creditor can rely on a technicality (the incorrect date of birth in the LOA) to justify retaining interest and charges which – in the spirit of fairness – should be reconsidered. DSS say if the interest and charges shouldn't have been applied, then it's for the creditor to refund them.

While I completely understand DSS' point, the creditor hasn't refunded them – they've continued to apply them. So, in the circumstances, I'm satisfied the loss has been incurred. And this complaint only concerns DSS' actions – quite simply I'm not allowed to comment on whether another financial businesses actions are fair or not in this complaint against DSS.

If DSS wanted to take this up with the creditor directly then that'd be their choice. And I really do think a number of things have gone wrong in this case which hasn't helped DSS' position. But I'm required to decide if I think DSS acted fairly and, if not, whether that's led to a financial loss and whether compensation is due.

For all the reasons mentioned above, I'm satisfied total interest of £928.89 wouldn't have been charged to Mr U if it weren't for DSS' mistake. And, in terms of compensation, I do think Mr U has ended up in the middle of a situation he shouldn't have had to. While it's possible the creditor has contributed to this, I can't make that finding. I can only say I'm satisfied DSS did contribute to this situation and the impact on Mr U. So, for those reasons, I'm satisfied £250 compensation is a fair outcome to this part of Mr U's complaint. I note DSS and Mr U agreed to this amount.

My final decision

I uphold this complaint, and require Debt Support Service Limited to:

- Pay Mr U £928.89 representing his financial loss
- Pay Mr U £250 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 2 April 2026.

Jon Pearce

Ombudsman