

## **complaint**

Mrs D complains, in summary, that Ideal Corporate Solutions Limited, trading as Ideal Debt Solutions, ("IDS"), didn't provide her with appropriate information about a debt management plan ("DMP") with it. The complaint is brought to this service on Mrs D's behalf by a claims management company ("CMC"). But for ease, I shall refer below to all actions being taken by Mrs D unless stated otherwise.

## **background**

Mrs D entered into a DMP with IDS in September 2014. She said that:

- She wasn't made aware of the impact on her credit rating by reducing payments to her debts.
- She wasn't made aware that any creditor's recovery action could continue.
- She wasn't made aware that interest and charges could continue to accrue.
- She wasn't made aware that IDS would retain £200 as a set-up fee.
- She wasn't made aware that the same or similar service could have been provided to her free of charge or about the availability of free and impartial advice. She said she would've chosen a free service had she known, which is why she cancelled the DMP.

### *our adjudicator's view*

The adjudicator had seen IDS's terms of business which were provided to Mrs D with its welcome letter along with a draft plan of the DMP showing a breakdown of payments. She'd noted that Mrs D's signed authority was deemed acceptance of the terms of business which she confirmed she'd read and understood. She noted that the terms said that IDS cannot prevent creditors from taking recovery action or from applying interest and charges. They also explained the impact that a change in payments can have on a credit report. The terms also contained information about the initial fee, monthly fee and DMP payments, and said that the initial fee would be 17.5% of the first six payments. So, she didn't think that IDS had acted incorrectly in relation to these aspects of Mrs D's complaint. But, she also didn't think that IDS had provided any evidence to show it informed Mrs D about the free sector and recommended that IDS pay Mrs D £200 compensation because of this.

The CMC disagreed and responded to say, in summary, that the correct redress should have been a refund of all fees paid by Mrs D together with 8% interest.

IDS accepted the adjudicator's findings.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mrs D and to IDS on 28 February 2017. I summarise my findings:

I noted that the CMC had asked to speak to the ombudsman dealing with this complaint. But, I didn't think that was necessary in this case as I thought I had a clear understanding of the issues.

The CMC had referred in its response to the adjudicator's view mainly to the lack of a referral to free services under CONC 8.2.4 and the consequent impact on redress. So, I proposed to only deal with that aspect of Mrs D's complaint in my decision. To avoid any doubt, I agreed that the evidence supports our adjudicator's conclusions on the other aspects of Mrs D's complaint.

The CMC had referred to the Financial Conduct Authority's requirements in CONC 8.2.4. These say that a debt management firm must prominently include in its first written or oral communication with the customer a statement that free debt counselling, debt adjusting and providing of credit information services is available to customers and that the customer can find out more by contacting the Money Advice Service.

IDS had sent this service the template of the welcome letter which it said would have been used and sent to Mrs D at the time of Mrs D's application for the DMP. I noted that this was different to the welcome letter which was sent to the CMC, presumably pursuant to the DSAR request made by the CMC. IDS said that the version of the welcome letter which was sent to the CMC may have been sent to Mrs D in relation to a previous DMP which she had terminated before later reapplying.

The welcome letter which had been sent to us by IDS contained information about free services in the final sentence of the one page letter. It said:-

*"Please refer to the following websites for further options available, including the not for profit sector (website address provided). Free debt advice (including free debt management plans) can be accessed via the Money Advice Service (MAS) at (website address provided). If you do not have access to the internet please let me know and I will send the information to you."*

I thought this information was clear and presented at the end of a one page covering letter. And it wasn't buried in IDS's terms of business. If Mrs D didn't have internet access, I could see that IDS could have provided the information to her if requested to do so. When Mrs D received this letter, she had 14 days to cancel the DMP and so I thought that she would have had time to contact MAS for more information before she went ahead with the DMP. I couldn't see that Mrs D had asked IDS for information about free services following its letter.

So, as I thought that IDS had provided information about free debt advice and free debt management plans to Mrs D in a clear and straightforward way in its first written communication with Mrs D, I didn't think that I had the grounds to uphold this complaint.

Subject to any further representations by Mrs D or IDS my provisional decision was that I didn't intend to uphold this complaint.

The CMC responded to say that the version of the welcome letter dated 3 September 2014 which IDS had sent this service wasn't the version sent to Mrs D as part of her DSAR request. That version dated 3 September 2014 didn't include a reference to free services.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I noted the CMC's comments and asked the adjudicator to ask IDS for its views on this. It said it had previously sent us the format of the welcome letter which was appropriate for the date range when Mrs D received her welcome letter. It said that the policy was for all letters to be scanned into the system after they had been dated and signed although it couldn't locate the copy of the original for this case. But, it also said that it didn't follow that because the signed original wasn't scanned, that the amended letter wasn't sent. It also said that as Mrs D had been in and out of debt management arrangements with both IDS and other firms over the years, she had received a suite of letters from IDS.

In order to clarify what version of the welcome letter was sent to the consumer, I then asked the adjudicator if she could ask IDS to explain why it was able to produce for Mrs D's DSAR request an apparent copy of the welcome letter to Mrs D which was dated 3 September 2014 (the date the contact notes say the actual welcome letter would have been dated) and which included details of her payments and first payment date. IDS was also asked when it received the DSAR request, was it able to find a copy of the welcome letter which was sent, and was this what was sent to Mrs D in line with her DSAR request? Or, if not, could IDS explain how it dealt with the welcome letter for the DSAR request?

IDS responded to say that it didn't have a copy of the actual letter sent to Mrs D on 3 September 2014 stored electronically, although this didn't mean that a letter wasn't issued. And the letter issued pursuant to the DSAR only contained information stored within the case file, although the writer of IDS's letter couldn't say how the DSAR request was dealt with as he didn't deal with the DSAR himself. Further clarification was sought from IDS but it hasn't provided this.

So, I note that a copy of the actual welcome letter sent to Mrs D doesn't appear on IDS's systems, and previously IDS has provided us with a copy of the welcome letter format which it said would have been used at the time, and which did contain the required information. On balance, it appears likely that an out of date welcome letter template was used for the purposes of the DSAR which was populated with information from the consumer's file. But, the actual welcome letter sent to Mrs D appears likely to have included a reference to fee free services. So, on balance, I don't think I have grounds to uphold this complaint.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 18 August 2017.

Roslyn Rawson  
**ombudsman**