

## **complaint**

Mr and Mrs Q complain about the debt management plan ("DMP") which they agreed with Baines & Ernst Limited. They say their debt has increased over the term of the plan because interest and charges have continued to be applied to their debt.

## **background**

Mr and Mrs Q agreed a DMP in December 2011 and made the agreed monthly payments for around two years.

The adjudicator did not recommend that the complaint should be upheld. He concluded that the overall debt decreased over the term of the plan; that Mr and Mrs Q were made aware of the fees applicable to the plan; and that there was no guarantee that interest and charges would be frozen.

Mr and Mrs Q responded to say, in summary, that:

- Baines & Ernst did not keep them informed of changes in the underlying debt.
- They don't understand why two debts have increased by such a large amount. They have written to the creditor, but this is what they paid Baines & Ernst to do.
- They don't understand why one debt is nearly paid off.
- They want clarification so that they can agree a revised DMP.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

When Mr and Mrs Q agreed a DMP with Baines & Ernst, they provided details of their outstanding debt. When Baines & Ernst contacted each creditor, the amount outstanding was not the same as the figure provided by Mr and Mrs Q in every case. So the actual debt outstanding was higher than that estimated by Mr and Mrs Q.

Mr and Mrs Q made the agreed monthly payments for around two years. Over this time, the overall debt decreased.

Baines & Ernst negotiated with each creditor to try to freeze the interest and charges on the account whilst the DMP was in place. But there was never any guarantee that all interest and charges would be suspended from January 2012. One lender (with whom Mr and Mrs Q each had an account) agreed to freeze its interest on 2 March 2012 when it agreed to the repayment proposals. But by this point, the balances had substantially increased. Baines & Ernst did raise concerns with the creditor, but interest and fees had been charged in line with the terms and conditions of the accounts because of non-payment.

Mr and Mrs Q have asked why one debt has nearly been paid off. I find that the outstanding balance for this creditor has decreased by more than the amount paid to it because it has agreed to a reduced settlement.

When Mr and Mrs Q complained to Baines & Ernst they told it about their change in financial circumstances. Baines & Ernst contacted each of the creditors to let them know. But no payments have been made to the DMP since January 2014 and it's possible that the underlying creditors have re-applied interest and charges due to non-payment.

I cannot conclude that Baines & Ernst have made any errors with the management of the DMP. It kept Mr and Mrs Q aware of the amount paid to each creditor and the amount outstanding and it successfully negotiated for all creditors to suspend fees and interest. I hope this decision will enable Mr and Mrs Q to re-engage with Baines & Ernst regarding a revised DMP.

### **my final decision**

For the reasons I have explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs Q to accept or reject my decision before 25 March 2015.

Elizabeth Dawes  
**ombudsman**