

## **complaint**

Miss F complains that House & Home Care Ltd (the business) has provided her with poor service. She says it has not provided her with a clear account of where her payments have gone.

## **background**

Miss F entered into a debt settlement plan with the business in January 2012. She received a letter dated September 2014 saying that she was debt free. However, after this she received a letter from a company that was part of the plan saying that she still owed it money. She also said that one of the utility companies had written off her debts and so those debts should not have been part of the plan. Miss F says that although she has been refunded £984.25, she believes that the business still owes her money.

The business says that its fees are set out in its terms and conditions and these include an initial fee, a 20% settlement fee and a closing fee. It says it had two failed settlements with a company and this was why Miss F received a notice requiring payment after the plan had been completed. It says it has settled these accounts using money from the set up fees Miss F paid. The business says that it reduced the settlement fee to 10% on the utility company debts that were written off. However, after our involvement it agreed to remove this fee completely.

The adjudicator found that by settling the failed accounts from the set up fees the business had acted reasonably. He recommended that the business remove the remaining 10% fees associated with the utility debts that were written off. The business agreed to this. He said that the settlement fees were charged at a rate of 20% of the outstanding debt excluding the utility debts and this was in line with the terms of the plan. He also said that the closing fee was also set out in the terms of the plan.

Miss F did not accept the refund of the remaining 10% of the utility company settlement fees as settlement of this complaint. She said she still did not think that all her money had been accounted for.

## **my findings**

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

My role is not to audit Miss F's debt settlement plan however having looked through the information provided I find nothing to suggest that the funds have not been allocated correctly. I have looked at the information about the fees in the terms of the plan. These clearly set out the fees that will be charged. The fees include settlement fees which are said to be charged at a rate of 20% of the amount settled so long as the savings are at least this amount. Based on a total of £3,625.88 having been settled, the fee at 20% should be £725.18. Miss F was charged £1,222.46. If the refund of £497.28 is made then this results in the settlement fees being reduced to £725.18.

I understand why this process has caused confusion and that there have been a number of issues that have needed to be resolved. However, I find that the business has now addressed the outstanding issues. I find that the business acted reasonably by paying the amounts due following the failed settlements out of the set up fees Miss F had paid. I also find it reasonable that no charge should be made for the utility debts that were written off. Because of this I find the business' offer to refund Miss F the remaining 10% of fees, equalling £497.28, fair and reasonable.

**my final decision**

My final decision is that House & Home Care Ltd should pay Miss F £497.28, equalling the remaining 10% fee charged on the written off utility accounts, as it has agreed to, in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss F to accept or reject my decision before 1 June 2015.

Jane Archer  
**ombudsman**