

## **complaint**

Mr and Mrs P complain that a debt management plan was mis-sold to them by Debt Advisory Line Limited. They are being helped with their complaint by a representative.

## **background**

Mr and Mrs P entered into a debt management plan with Debt Advisory Line in August 2010. A complaint was made to it in June this year that:

- Mr and Mrs P weren't made aware:
  - that the same or similar service could've been provided for them free of charge or of the availability of free and impartial advice;
  - of the setup fee;
  - that any creditor's recovery action could continue; and
  - of the impact on their credit rating by reducing payments to their debts and
- distributions weren't made frequently.

They weren't satisfied with Debt Advisory Line's response so they complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. She concluded that Debt Advisory Line had dealt with the complaint fairly. She said that:

- Debt Advisory Line didn't have to inform Mr and Mrs P about free services available to them;
- payments were being made to their creditors regularly on their behalf;
- the terms and conditions and welcome call made it clear that a set up fee was payable; and
- Mr and Mrs P were told in the welcome call that creditors could take action against them and that their credit rating could be affected.

Mr and Mrs P's representative – on their behalf - has asked for this complaint to be considered by an ombudsman. The representative says, in summary, that that it believes that Debt Advisory Line did have an obligation to tell Mr and Mrs P about the free sector. It refers to the Consumer Protection From Unfair Trading Regulations 2008 and the Office of Fair Trading's debt management guidance compliance review of 2010 – which it says clearly show that there was an expectation that companies would make customers aware of the free sector and those not doing so wouldn't be seen to be acting in the customer's best interests. It also says that, in relation to having to discuss advantages and disadvantages of a debt management plan, a debt management company shouldn't be able to sell a plan without mentioning as a disadvantage of its plan that free help is available elsewhere.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so – I agree with the adjudicator – for the same reasons.

The Office of Fair Trading's debt management guidance issued in 2008 – which was applicable to Debt Advisory Line in August 2010 - does refer to the free sector. But I don't consider that it requires a debt management company to provide a customer with advice about the free sector. And I'm not persuaded that Debt Advisory Line was obliged to inform Mr and Mrs P about free providers of advice concerning their debt problems in 2010 or during the period of their plan.

I'm not persuaded that the debt management plan was mis-sold to Mr and Mrs P or that Debt Advisory Line has acted incorrectly. So I find that it wouldn't be fair or reasonable for me to require Debt Advisory Line to pay any compensation to Mr and Mrs P or to take any other action in response to their complaint.

**my final decision**

For these reasons, my decision is that I don't uphold Mr and Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 15 December 2016.

Jarrold Hastings  
**ombudsman**