

complaint

Miss M complains that Gregory Pennington Limited, ("GPL"), didn't provide her with satisfactory advice about her debt management plan ("DMP"). The complaint is brought to this service on Miss M's behalf by a claims management company ("CMC"). But for ease, I shall refer below to all actions being taken by Miss M unless stated otherwise.

background

Miss M entered into a DMP with GPL in June 2012. She said that GPL:

- didn't tell her that she could have received the same service for free; and
- didn't manage the payments on her DMP correctly.

The adjudicator didn't recommend that the complaint should be upheld. She didn't think that it was compulsory to make customers aware of alternative fee free options at the time Miss M entered into her DMP. She also said that she had received statements from both of Miss M's creditors and that the payments matched those on GPL's statements.

The CMC disagreed and referred to the provisions of the OFT's Debt management (and credit repair services) guidance from March 2012 ("the Guidance") which was applicable at the time Miss M entered into the DMP. In particular, it said that there was an expectation in the Guidance that a customer should be referred to fee-free services in all circumstances.

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 only propose to deal with the main issue raised by the CMC in its response to the adjudicator's view in my decision.

I can see that when Miss M entered into the DMP in June 2012, the Guidance specifically said that a referral to free debt advice should be made where appropriate to do so (Clauses 2.5d and 3.23g of the Guidance). The Guidance said that this would be the case if there were priority debts and/or an immediate emergency, or if Miss M didn't have enough disposable income to afford the fees and her monthly plan payments. But I can see that this wasn't the case in Miss M's circumstances. I can see that she had two debts when she arranged the DMP, and that these weren't priority debts. Miss M was able to make the following monthly payments to GPL from June 2012 until she closed the account in June 2014 (the last payment was made in May 2014):-

2 payments of £90
8 payments of £92
7 payments of £94
6 payments of £96
1 payment of £98.

I also note that Miss M confirmed in her initial call with GPL in June 2012 that she was able to afford monthly payments of £90. She was then able to make 24 monthly payments as shown above to GPL before she terminated her DMP with it in June 2014. Because of this, it appears to me that the fees and monthly plan payments weren't unaffordable. So, in Miss M's circumstances, I don't think that GPL acted inappropriately in not referring her to fee-free services.

So, it follows that I don't find that GPL has done anything wrong in rejecting Miss M's 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 Miss M to accept or reject my decision before 31 October 2016.

Roslyn Rawson
ombudsman