

complaint

Mr M complains that Money Debt And Credit Limited (“MDC”) mis-sold him a debt management plan. The complaint is brought on his behalf by a claims management company.

background

Mr M sought advice from MDC in January 2013 because he was having difficulty meeting his monthly financial commitments. A debt management plan (“DMP”) was agreed. Mr M’s representative says Mr M wasn’t told about alternative free services, and didn’t know he had to pay fees or that his creditors could still take action to collect the debt.

Our adjudicator didn’t recommend that the complaint should be upheld. She concluded that the plan’s terms and conditions were clear about the fees and that creditors could still apply interest and take action to enforce the debt. She didn’t think there was an obligation on MDC to tell Mr M about free services.

Mr M’s representative said it accepted Mr M had been told his credit file could be affected. But it explained, in detail, why it believed MDC should have told Mr M about free services and that its failure to do so had caused financial detriment.

my findings

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

Our view is that before 1 April 2014, the OFT guidance didn’t require the provider of a DMP to refer a customer to the availability of not-for-profit advice and services in every case. In the circumstances of this case, I don’t find there was any obligation on MDC to tell Mr M about such services when it recommended the DMP.

The DMP ended on 1 April 2014, the same day the new guidance was published.

Overall, the DMP appears to have been affordable and was generally maintained. Mr M’s creditors were willing to accept payment of his debts by instalments and the plan was regularly reviewed. Overall, I don’t find the advice to enter into a DMP was unsuitable.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 December 2016.

Elizabeth Dawes
ombudsman