

complaint

Mrs and Mr W complain about the way Debitum Limited has managed a debt management plan and are unhappy about its poor customer service.

background

Mrs and Mr W entered into the debt management plan in July 2010. They say they've made the 54 contractual payments of £180. But their debts are still active with significant balances. They say they've been misled. And Debitum hasn't done what it agreed to do. Their financial situation is also now worse. Its customer service has also been poor. They want it to now settle the debts it was contracted to do and pay them compensation for the stress and harassment they've suffered.

Our adjudicator felt this complaint should be upheld. She said:

- Debitum hasn't responded to our requests for information. So, she's contacted Mrs and Mr W's creditors.
- Mrs and Mr W made the first payment of £180 to Debitum on 24 September 2010. They've then made another 53 payments as agreed. This isn't disputed.
- On balance she believes from the limited information she's got that Debitum only started making payments to creditors from June 2011. Nine months' payments to Debitum are therefore unaccounted for. It also said to one creditor that 47 payments and a small final payment should be enough to settle a debt. She doesn't understand why it would do this, when it'd asked Mrs and Mr W to make 54 payments to it.
- The payments made to one creditor weren't in line with the plan Debitum set up. On balance it's likely it also failed to pay other creditors even though Mrs and Mr W paid Debitum. And another nine payments made to it are therefore also unaccounted for.
- We can't tell Mrs and Mr W's creditors to honour the agreement they had with Debitum. They're also not obliged to accept proposals and small cheques from Debitum in settlement of debts even if they paid in the cheques. The creditors have the right to cash cheques, set the amount against what's owed and pursue the remaining balances from Mrs and Mr W.
- Debitum incorrectly led Mrs and Mr W to believe they would become debt free. It's frustrating and very stressful for them to find they haven't. But they're still liable for the outstanding amounts due to each creditor.
- Mrs and Mr W say their position has been worsened as their accounts have been defaulted. But it's likely they would've defaulted in any case given their financial circumstances. They've also benefited from creditors freezing interest and charges once the accounts were with Debitum.
- Debitum has made several errors and its customer service has been very poor causing distress and inconvenience. .
- So, Debitum should pay Mrs and Mr W £400 compensation. And it should also refund a total of £3,240 to them (18 unaccounted for payments of £180).

Debitum hasn't responded to the adjudicator's opinion.

my findings

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

Debitum hasn't provided any information to assist our adjudicator's investigations. But we've enough evidence from Mrs and Mr W and some of their creditors to show what most likely has happened.

Some of the evidence in this case is incomplete, inconclusive or contradictory. So, I've made my decision based on what I think is more likely to have happened than not.

I agree with the adjudicator's conclusions for the same reasons.

Overall I think the adjudicator's proposed resolution of this complaint is fair and reasonable. And I don't see any reason to change the proposed outcome in this case.

my final decision

I uphold this complaint and require Debitum Limited to refund a total of £3,240 to Mrs and Mr W and pay them £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr W to accept or reject my decision before 21 November 2016.

Stephen Cooper
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