

complaint

Mrs V has complained that Debt Correct gave her unsuitable and incomplete advice when she entered into a debt management plan.

Mrs V is represented in her complaint. But for clarity, I'll refer to all submissions as having been made by her directly.

background

In 2012, Mrs V entered into a debt management plan with Debt Correct. She feels it didn't advise her properly before she did so, which has worsened her financial position. In particular, she says:

- she wasn't made aware she could get the same service elsewhere, for no charge;
- she wasn't told interest and charges may continue to accrue;
- her credit rating was damaged;
- the fees were excessive; and
- periodic financial reviews weren't carried out.

Our adjudicator didn't recommend that the complaint should be upheld. This was because he felt Debt Correct had acted reasonably.

Mrs V disagreed. In summary, she said that Debt Correct were obliged to advise her of alternative free services and if she had been properly advised she would never have taken out the plan. Further, the fees weren't made clear, and Mrs V took out the plan which wasn't suitable for her.

The complaint's now been passed to me for my final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mrs V's representative has asked that I speak to it before issuing a decision, as it wishes to discuss with me the submissions it has made, given that there are a number of considerations for me to take into account. I'm aware of the relevant guidance, and have read the submissions in full, together with points raised over the telephone with the adjudicator so I don't feel this is necessary.

When Mrs V entered into the plan in 2012, there was no obligation on Debt Correct to advise her of free alternatives. The guidance that was in force in March 2012 set out that a referral should be made only if it was appropriate to do so, for example, because Mrs V had difficulty paying her priority debts or couldn't meet the repayments to the plan. Debt Correct looked at Mrs V's finances and the figures given by her didn't suggest that this was the case. So I don't think Debt Correct acted unreasonably in not referring her to a free service.

I turn now to the issue of whether Mrs V was advised that interest and charges may continue to accrue. I feel that she was. In the documentation sent to Mrs V, it's made clear that Debt Correct will do its best to negotiate a freeze of interest and charges with creditors. But it also makes clear that this can't be guaranteed. So I think Mrs V would have been reasonably aware that it may not happen. In any event Debt Correct did negotiate a freeze of the interest and charges for some debts and a reduction in the level of interest charged with others.

Mrs V has said that her credit rating was adversely affected. I haven't seen a copy of Mrs V's credit file so I can't assess this part of her complaint.

Mrs V has also said periodic reviews weren't carried out. Debt Correct has said that when the first review was due it tried to call Mrs V and also wrote to her asking for her to get in touch. It said that it didn't hear from Mrs V until she contacted it to say she wanted to cancel her plan. But its contact details were in the letters, so Mrs V should reasonably have contacted it when she was able to, or if she had any concerns. So I don't feel Debt Correct acted unreasonably, as it did try to carry out the review. Further, Mrs V could have contacted it at any time if she had concerns.

Finally, I've looked at the issue of fees. I know that Mrs V feels these were excessive, and the fees weren't properly explained to her. I can't know for definite what happened, or indeed what Debt Correct advised her on the phone prior to this. But the fees were set out in the documents, and Mrs V did sign the agreement. Further, she could have contacted Debt Correct if she felt she hadn't been aware of the fees before. Specifically, she could have done so in the days or weeks after entering into the plan, but I have no evidence that she did. Because of this, I feel she should have reasonably been aware of them.

my final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 8 August 2016.

Emma Boothroyd
ombudsman