

## **complaint**

Mr and Mrs K complain that NEO Media Solutions Limited (trading as One Debt Solution) only passed on to their creditors part of the payments they made to it, and refused to refund the balance of these payments after they cancelled their agreement with it. They also say they were not aware of all the fees and charges imposed by NEO.

## **background**

Our adjudicator recommended that this complaint should be upheld. He considered that NEO's agreement with Mr and Mrs K did not comply in a number of respects with the Guidance on Debt Management issued by the Office of Fair Trading in 2012. In particular, it was not written in plain and easily understandable language, and did not clearly differentiate between the claims management and debt adjusting activities it referred to. The agreement did not clearly explain that the debt adjusting activities would not commence until liability for the debt had been established, or that the process of disputing a debt would result in a period of non-payment. In addition, the information in the agreement about NEO's fees was vague and unclear.

The adjudicator recommended that NEO refund the £1,152 Mr and Mrs K had paid, with interest, less £361.89 he identified it had actually passed on to their creditors. He said that NEO should pay to Mr and Mrs K £285.53 of interest charged by one of their creditors which would not have been charged if any payment by Mr and Mrs K had been passed through to that creditor. Finally, he recommended that NEO pay them compensation of £200 for the distress and inconvenience it had caused them.

Mr and Mrs K accepted the adjudicator's recommendation. However, NEO has failed to respond to this service, and so this complaint has been passed to me to issue a final decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find that I agree with the adjudicator's conclusions, and for broadly the same reasons.

I have considered the documentation which Mr and Mrs K signed. I find that this does not clearly differentiate between the different aspects of the plan, or explain clearly the way charges would be taken and the way payments would be made to creditors. NEO did not adequately explain the nature and effect of the agreement Mr and Mrs K were to sign, and did not pass on payments they made to their creditors, as they expected it to do. I consider, therefore, that NEO breached, in a number of respects, the Guidance on Debt Management issued by the Office of Fair Trading in 2012.

I conclude that NEO should refund to Mr and Mrs K £790.11, being the £1,152 they paid to NEO less the £361.89 it actually passed on to their creditors. NEO should pay interest on the amount refunded calculated as follows:

- interest at the annual rate of 8% simple on each payment Mr and Mrs K made to NEO from the date they made the payment until settlement of this complaint, less
- interest at the annual rate of 8% simple on each payment NEO made to Mr and Mrs K's creditors from the date it made the payment until settlement of this complaint.

It should also pay them the £285.53 charged by one of their creditors which would not have been charged if the creditor had been receiving any payments from them.

I also agree that NEO should pay Mr and Mrs K compensation of £200 for the distress and inconvenience it has caused them.

**my final decision**

My decision is that I uphold this complaint and direct NEO Media Solutions Limited (trading as One Debt Solution) to:

1. pay Mr and Mrs K jointly £790.11;
2. pay Mr and Mrs K jointly interest on the basis I have set out above;
3. pay Mr and Mrs K jointly the £285.53 charged by one of their creditors; and
4. pay Mr and Mrs K jointly £200 for distress and inconvenience.

If NEO does not pay this award in full within 28 days of Mr and Mrs K accepting this decision, I direct NEO to pay interest, at an annual rate of 8% simple, on the £200 compensation from the date of this decision until this complaint has been settled in full.

If NEO considers that it has to deduct tax from the interest element of my award, it should send Mr and Mrs K a tax deduction certificate when making payment, which they can use to reclaim the tax, if they are entitled to do so.

I remind NEO that my decision and award is enforceable through the courts, if Mr and Mrs K accept it.

Lennox Towers  
**ombudsman**