

complaint

Mr V complains that NEO Media Solutions Limited (trading as One Debt Solution):

- has not done what it promised when he entered into a debt management agreement with it;
- has not passed on to his creditors the money he paid it; and
- has refused to refund to him what he has paid it.

background

Mr V says that NEO contacted him in February 2011. It told him it would get some or all of his debts written off, and would set up monthly payments for those that had to be paid. Its fee for this would be £2,000. Mr V accepted and signed an agreement with NEO.

Mr V paid a total of £3,173 to NEO. However, it does not appear that any of his debts have been written off, and in spite of repeated requests, NEO did not provide a statement of what it had paid his creditors. It refused to refund to Mr V any of the money he had paid, saying it was all absorbed by its fees.

The adjudicator recommended that this complaint should be upheld. She said that she had tried a number of times to contact NEO for further information, but without success. She had not been provided with any evidence to show what work was carried out on Mr V's account, or any information to dispute Mr V's complaint.

She therefore considered that NEO should refund to Mr V the money he had paid, with interest, less any sum it had actually passed on to his creditors. She also recommended that it pay him compensation of £200 for the distress and inconvenience it had caused him. Mr V 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 find that NEO failed to carry out the terms of the agreement as Mr V expected. Because it did not make any significant payments to his creditors, he says he is now more in debt than when he was first contacted by NEO.

Because NEO has failed to communicate with us on this complaint, I have not seen the documentation which Mr V signed. However, from previous documentation produced by NEO which I have seen, I consider it is likely that it did 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.

From what Mr V has said, NEO did not adequately explain the nature and effect of the agreement he was to sign, and did not pass on payments he made to his creditors, as he 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 2008.

I conclude that NEO should refund to Mr V all the payments he made to NEO less any sum it actually passed on to his creditors. From enquiries the adjudicator has made, it appears that Mr V paid NEO a total of £3,173, of which NEO paid £51.42 to his creditors. NEO should therefore refund £3,121.58 to Mr V.

In addition, NEO should pay interest on the money Mr V paid it from the date he made each payment until settlement.

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

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 V £3,121.58, plus interest on each payment he made to NEO at the annual rate of 8% simple from the date he made the payment to the date of settlement; and
2. pay Mr V £200 for distress and inconvenience.

If NEO does not pay this award in full within 28 days of Mr V 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 V a tax deduction certificate when making payment, which he can use to reclaim the tax, if he is entitled to do so.

I remind NEO that my decision and award is enforceable through the courts, if Mr V accepts it.

Lennox Towers
ombudsman