

complaint

Mr H complains that Sterling Financial Security Ltd (trading as Best Solution) has failed to provide a reasonable quality of debt management service to him.

background

Mr H signed up to a debt management arrangement with Best Solution, under which he paid it a lump sum each month and understood that it would deal with his creditors and make distributions in reduction of his debts.

Mr H says that, after he had been paying for this arrangement for some time, he became aware that only £1 a month of his money was going to each creditor. He also says that Best Solution failed to negotiate properly with creditors on his behalf, missed some payments and left him having to deal with direct approaches from creditors.

Mr H complained to Best Solution, but did not get a response. As things weren't settled, Mr H brought his complaint to this service where an adjudicator investigated it. From the available evidence, the adjudicator did not think that Best Solution had treated Mr H fairly.

In particular, only a very small amount of the total Mr H had paid to Best Solution over the time he had been in the debt management plan had gone towards his debts. The adjudicator could not see that there was anything to show that the plan had been properly explained to Mr H before he signed up to it.

The adjudicator concluded that the complaint should be settled by Best Solution refunding the money it had kept from Mr H's payments, together with interest on that money and £200 for the trouble and upset Mr H had been caused.

Mr H said that he thought the adjudicator's proposals were fair and reasonable. Best Solution did not respond.

my findings

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

Best Solution did not respond to our requests for information during our investigation, and has not provided any response to the adjudicator's view.

Mr H paid Best Solution to provide debt management by dealing with his creditors on his behalf and helping to achieve optimum debt repayment arrangements for him. The financial statements provided by Mr H suggest that the monthly payments Mr H sent Best Solution resulted in several thousands of pounds being kept by Best Solution and just £85 paid out to reduce his debts.

I have seen nothing to demonstrate what value Best Solution provided to Mr H for that money, or to show that the terms of the agreement were properly explained to Mr H before he entered into the contract.

In all the circumstances, I find that Mr H was not treated fairly. I agree with the adjudicator that the fair settlement is for Best Solution to give him back the money that it kept from his repayments, together with interest and compensation for his trouble and upset.

my final decision

My final decision is that I uphold this complaint and I direct Sterling Financial Security Ltd (trading as Best Solution) to pay Mr H:

- all the payments he made to it, less the amounts it sent to his creditors;
- simple interest on those payments, calculated at 8% a year, from the date each payment was made to the date of settlement; and
- £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 January 2016.

Jane Hingston
ombudsman