

complaint

Miss N complains Harrington Brooks (Accountants) Limited mis-sold her a debt repayment plan.

background

Miss N called Harrington Brooks as she wanted to reduce the amount of interest she was paying her creditors. She says Harrington Brooks told her that it would be able to get her creditors to freeze the interest she was paying and that this wouldn't have serious consequences for her credit file. She says that her creditors didn't freeze her interest and that they recorded defaults on her credit file. She complained to Harrington Brooks.

Harrington Brooks investigated Miss N's complaint but didn't uphold it. It said that Miss N had been told that there was no guarantee interest would be frozen. It said that this was also explained in the terms and conditions Miss N signed. Miss N complained to us.

Our adjudicator recommended that this complaint be upheld in part as she considered Harrington Brooks had told Miss N on the phone that creditors would freeze interest. She also considered Harrington Brooks hadn't explained the consequences on Miss N's credit file properly. She recommended Harrington Brooks pay Miss N £250 for the distress and inconvenience she'd been caused. In addition, she recommended Harrington Brooks write to the creditors who'd recorded defaults to explain it hadn't explained the consequences of the debt repayment plan properly. Harrington Brooks accepted our adjudicator's recommendations. Miss N didn't as she wanted the defaults on her credit file removing and felt the compensation was inadequate. I was, therefore, asked to make a 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.

Harrington Brooks was right to accept in this case that it didn't fully explain the consequences of Miss N entering into a debt management plan properly when she spoke to it on the phone. It explained that her credit file would be affected because she wouldn't be making her full contractual payments but not that she might have defaults registered against her which could have serious consequences. Harrington Brooks also said several times that her creditors would freeze interest on her debts. In fact they reduced the interest she was paying. Other than that, however, Harrington Brooks did what it said it would.

I agree with our adjudicator, given the above, that it wouldn't be right to require Harrington Brooks to return the fees it has been paid. Our adjudicator was also right to explain that Harrington Brooks cannot remove the defaults from Miss N's credit file as these were registered by Miss N's creditors. So I'm going to require Harrington Brooks to write to Miss N's creditors (as it has agreed to do) saying that it didn't explain the consequences of the debt management plan properly with a view to asking them to remove the defaults they've registered. I'm also going to require it to pay Miss N £400 in compensation as I feel the amount recommended is on the low side. Miss N was aware she would have some adverse information on her credit file, but having defaults has clearly caused a lot of distress.

my final decision

My final decision is that I require Harrington Brooks (Accountants) Limited to write to Miss N's creditors explaining that it didn't explain the consequences of its debt management plan properly and asking them to consider removing the defaults they've recorded. I also require Harrington Brooks (Accountants) Limited to pay Miss N £400 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 21 September 2015.

Nicolas Atkinson
ombudsman