

complaint

Miss B complains that Totemic Limited, trading as Payplan, have cancelled her debt management plan (DMP). She wants it reinstating.

background

Miss B entered into a DMP with Payplan in 2009 but in a review of her plan this year, Payplan told her they would be cancelling her plan as they believed it would take an unacceptably long time for Miss B to settle her debts. They said a better solution would be for her to make individual arrangements with her creditors.

But Miss B explained that she was due to complete her Masters degree in a couple of years and her earnings potential would significantly improve. She wanted Payplan to take this into account and she explained that she'd been a good customer to them and had always made her payments.

But Payplan said that they were obligated to ensure their clients were in the correct debt solution. In Miss B's case they explained that her current DMP meant that she wouldn't be clear of debt for over 41 years. They said this was unrealistic, too long and unsustainable.

So Miss B brought her complaint to this service and our investigator took a look. But she agreed with Payplan. She explained that our role wasn't to look at what the best debt solution was but she could consider whether Payplan had been fair in cancelling the agreement. She noted that the terms and conditions allowed them to do so and she didn't think Payplan were wrong to assess Miss B's situation without considering potential earnings when she completed her degree. She said that Payplan didn't have an obligation to supply a DMP and they were entitled to stop the plan if they thought it wasn't the best solution.

But Miss B disagreed and she asked for a final decision by an ombudsman.

my findings

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

I know it will disappoint Miss B but I agree with the investigator's view and for similar reasons. Please let me explain.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I can see that Miss B's contributions to her debt management plan have reduced over the years. Whilst she started in 2009 by making contributions of £120 per month, her circumstances have changed and she's now only able to afford £22. This means that the debts she has are going to take much longer to pay off.

Payplan are obliged to review Miss B's DMP on a regular basis. During the most recent review the fact that the debt would not be satisfied for over 40 years came to light. In Payplan's opinion this is too long and unsustainable and I can understand their position. I've seen evidence that they considered whether other debt solutions such as an IVA or

bankruptcy would be appropriate but they thought the best solution in the circumstances would be for Miss B to arrange payments directly with her creditors.

The terms of Miss B's agreement with Payplan allow them to offer an alternative solution where the DMP is no longer thought to be a suitable option. I think it's clear that here the time it would take to pay back the debt means that the DMP may not be suitable and Payplan are therefore acting within the terms of their agreement with Miss B to cancel the plan.

I can understand Miss B's suggestion that Payplan should consider her earnings potential once she's completed her degree but as there's no certainty in this I don't think it's unrealistic of Payplan to only consider the current circumstances.

So for those reasons I don't think it would be fair to say that Payplan has done anything wrong or need to take any further action.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 December 2018.

Phil McMahon
ombudsman