

## **complaint**

Mr B complains that Harrington Brooks (Accountants) Limited, trading as Harrington Brooks Debt Management, ("HB"), didn't provide him with satisfactory advice when he took out a debt management plan ("DMP") with it. The complaint is brought to this service on Mr B's behalf by a claims management company ("CMC"). But for ease, I shall refer below to all actions being taken by Mr B unless stated otherwise.

## **background**

Mr B entered into a DMP with HB in April 2012. He believes that he should have been advised to declare himself bankrupt or enter into an IVA, rather than enter into a DMP. He also said that he should have been told about free debt management advice providers.

The adjudicator didn't recommend that the complaint should be upheld. She was satisfied that HB had explained the options to Mr B and that he had chosen to enter into a DMP with an approximate duration of seven years, rather than entering into a five-year Individual Voluntary Arrangement ("IVA"). She said that this suggested that Mr B was more comfortable with an informal solution at that time. She also said that at the time Mr B entered into the DMP, there was no requirement for HB to inform debtors of free debt management services.

The CMC disagreed and referred to the provisions of the OFT's Debt management (and credit repair services) guidance from March 2012 ("the Guidance") which was applicable at the time Mr B entered into the DMP. It said that under the Guidance, HB was obliged to make consumers aware of the free debt advice sector. The CMC also noted that Mr B had entered into an IVA in July 2013. It said that if Mr B had been given all the necessary information by HB, Mr B would have entered into an IVA from the start.

## **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 only propose to deal with the main issues raised by the CMC in its response to the adjudicator's view in my decision.

I can see that there was some dispute between the parties as to when the DMP began. Mr B said that the DMP was entered into in January 2007, when I can see from HB's authority to act signed by Mr B, HB's contact notes and payment history that it was entered into in 2012. Mr B said that he made monthly payments for six and a half years, when HB's payment history shows 14 monthly payments were made in just over a year.

I can also see that when Mr B entered into the DMP in April 2012, the Guidance specifically said that a referral to free debt advice should be made where appropriate to do so (Clauses 2.5d and 3.23g of the Guidance). The Guidance said that this would be the case if there were priority debts and/or an immediate emergency, or if Mr B didn't have enough disposable income to afford the fees and his monthly plan payments. But I can see that this wasn't the case in Mr B's circumstances. I can see that he had three debts when he arranged the DMP, and that these weren't priority debts. He was able to afford 14 monthly payments of £250 until he terminated the DMP in July 2013. In his initial call with HB, Mr B also said that he could afford to pay £250 a month. Because of this, it appears to me that the

fees and monthly plan payments weren't unaffordable. So, in Mr B's circumstances, I don't think that HB acted inappropriately in not referring him to fee-free services.

I have also listened to the initial call between Mr B and HB in 2012. I note that HB provided information to Mr B about an IVA and explained the differences between an IVA and a DMP, including the DMP being a more flexible arrangement. Mr B said in that call that he would prefer to enter into a DMP. So, I don't think that HB acted inappropriately in the provision of information to Mr B about an IVA.

I also note from HB's contact notes that HB discussed entering into an IVA with Mr B in August and December 2012, but that he wasn't interested in doing so.

So, overall, I don't think that HB has done anything wrong in rejecting Mr B's complaint.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 31 October 2016.

Roslyn Rawson  
**ombudsman**