

complaint

Mr and Mrs B have complained Totemic Limited, trading as Payplan, never told them they'd be better off in an IVA when they went into a debt management plan in 2008.

background

Mr and Mrs B were having difficulties with their debts in 2008 and took action to set up a plan to repay their debts. They took out a debt management plan in May 2008 with Payplan after discussions reviewing their debts. Annual reviews were carried out after that period and other debts were also added to the plan.

In 2014 Mr and Mrs B entered into their own individual voluntary arrangements (IVA). Mr B was concerned an IVA must have been the best option back in 2008 and complained to Payplan. They confirmed they'd discussed an IVA with him and his wife but neither had wanted to go that way so Payplan felt they'd done nothing wrong. Mr B brought a complaint to the ombudsman service.

Our adjudicator reviewed the detailed case notes kept by Payplan. She told Mr B the evidence showed he and his wife made a decision not to enter an IVA knowing the debt management plan could last a long time. Mr B is frustrated about this outcome and has asked an ombudsman to review their complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have looked at Payplan's detailed case notes. The initial assessment was carried out on 21 April 2008. At the time the majority of Mr and Mrs B's joint debt was held with one creditor. The notes show Mr and Mrs B wanted to manage this debt themselves rather than have it included in a plan. This meant they wouldn't qualify for an IVA which had to take into account all their outstanding financial commitments. The notes also state it could take 11 years for their debts to be repaid and I don't doubt they knew this was the position. It's worth noting Mr and Mrs B only had a limited amount of money available to pay their creditors.

A year later at their first annual review, there were no changes in Mr and Mrs B's situation and again the evidence shows they weren't interested in an IVA. Mr B doesn't recall this in the same way and I note there is no telephone recording. However overall I think this is what happened and I say this partly because of what happened during the 2012 annual review.

It's at this time details of Mr and Mrs B's debts are reviewed to see whether an IVA would better suit them. Within a couple of days, Payplan's notes show Mr B confirmed they weren't able to make higher monthly payments and didn't want to pursue IVAs after all.

I can see why Mr B is upset that six years after taking out a debt management plan, he and his wife still owed a considerable amount of money. It's fair to note they did add debts to the plan as it went along. But overall I think there's evidence to show an IVA was discussed regularly with Payplan. I think it's more than likely Mr and Mrs B took the decision not to proceed. That may seem now not to have been the best option but I don't think this is Payplan's fault. I'm in no doubt Mr and Mrs B were always aware how long it would take them to pay off the money they owed.

However I've seen there were no notes for annual reviews in 2010 and 2011 and I suspect these weren't carried out. I don't know why or whether Mr and Mrs B chose not to hold them. But I don't think this in itself is enough to suggest Payplan did anything wrong.

my final decision

For the reasons I've given, my final decision is Totemic Limited, trading as Payplan, hasn't done anything wrong and need to take no further action.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B to accept or reject my decision before 16 October 2015.

Sandra Quinn
ombudsman