

complaint

Mr A complains that Victorstone Financial Limited didn't manage his debt agreement properly and failed to pass on payments to his creditors.

Mr A is represented by a relative, but for simplicity's sake I shall refer to all representations made on his behalf as if they were made by Mr A.

background

In 2013 Mr A was struggling to deal with debts so he engaged Victorstone to help. It set up a debt management plan and Mr A maintained monthly payments of £220 towards that. But, after a few months, Mr A discovered very little money had been passed on to repay his debts. And creditors contacted Mr A direct because of issues with Victorstone's management. So Mr A had to deal with individual creditors himself to try and put matters right. He says this was extremely stressful and Victorstone has taken his money but not provided anything in return.

Our adjudicator recommended this complaint should be upheld. He's satisfied Mr A paid over £1,300 to Victorstone, but it only passed about £200 on to creditors. And he says, amongst other things, Victorstone

- hasn't been able to evidence that it properly explained the plan or its fees to Mr A;
- sent Mr A statements that were undated and inaccurate so he couldn't be sure what was happening;
- didn't make scheduled repayments to creditors;
- tried to make payments to accounts that didn't exist; and
- didn't act in Mr A's best interests setting up and administering the plan.

Our adjudicator is satisfied that Mr A's financial circumstances deteriorated because of Victorstone's mis-management. And that made an already stressful situation much worse - increasing the upset and inconvenience Mr A experienced. Our adjudicator recommends that Victorstone should refund £1,116.37, along with interest at 8% from 20 January 2014. And pay Mr A £300 compensation for the upset and trouble its poor service caused.

Victorstone disagrees. It says it cooperated fully with creditors and all payments were distributed according to the relevant terms and conditions - any that failed to clear were the fault of creditors. And Victorstone considers Mr A should have been aware of its fees, the charging structure and how the plan worked because he was sent its standard proposal pack before he agreed to the plan. As a goodwill gesture, it offers to refund £80 and pay Mr A £250 because he felt let down by its service.

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 reached the same conclusions as our adjudicator for much the same reasons.

I can see that Mr A has been doing his best to deal with his money problems. I note he has multiple debts and creditors and English is not his first language. And, having reviewed the circumstances overall, I am not persuaded Victorstone made its fee structure sufficiently

clear or took steps to ensure Mr A understood all of his options or the implications of the debt management plan itself.

I find it also failed to provide him with accurate information and I'm not persuaded it managed the debt plan properly. I consider Victorstone's services did little, if anything, to improve Mr A's financial situation.

Like our adjudicator, I'm satisfied it's fair that Victorstone should refund £1,167.37 (which is the £1,320 it received from Mr A less £203.63 passed on to his creditors). And I consider interest should be added to that sum calculated at 8% simple per year - from the date of Mr A's last payment on 20 January 2014 until the date of settlement.

I'm satisfied Mr A experienced a great deal of worry and inconvenience because of what happened. I consider Victorstone could have done much more to resolve his complaint sooner. And I have no doubt that added to an already frustrating and stressful situation. So I find it's fair and reasonable that Victorstone should pay Mr A £300 compensation for the upset and trouble he experienced.

my final decision

My decision is that I uphold this complaint. In full and final settlement I order Victorstone Financial Limited to

1. Refund £1,116.37 to Mr A ; and
2. Pay Mr A an additional £300 for distress and inconvenience.

Interest at 8% simple per year should be added to the £1,116.37 from the date of Mr A's last payment on 20 January 2014 until the date of settlement. And, if settlement is not made within 28 days of Mr A accepting my decision, then interest at the same rate should be added to the £300.

If Victorstone considers tax should be deducted from the interest element of my award it should provide Mr A with the appropriate tax deduction certificate so he is able to claim a refund if appropriate.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 20 July 2015.

Claire Jackson
ombudsman