

complaint

Mr H complains that PDHL Limited gave him misleading advice about a debt management plan.

background

Mr H originally took out a plan with another company which I shall call Z. In 2013 PDHL took over Mr H's account from Z. In 2014 Mr H queried various matters with PDHL, including calls PDHL were making to him. In 2015 he cancelled the plan and complained to PDHL. He said that he had paid the fees to PDHL on the understanding that that was the only way to stop charges and interest on his debts. But he had now contacted creditors directly and found there were other ways to clear the money owed. He thought PDHL had wrongly taken fees from him.

Our adjudicator did not recommend that the complaint was upheld. He explained that if Mr H wanted to complain about the initial advice he had from Z he would need to do so separately. He thought PDHL had made it clear to Mr H that he would be charged a fee, and had told him about free debt advice charities. He thought PDHL had acted reasonably in contacting Mr H when he missed payments.

Mr H disagreed. He did not think PDHL had acted responsibly. He thought he had been manipulated into thinking the plan was the best way to deal with things, and charged fees which he should not have had to pay. Because of health problems he had been in and out of work and even when he rang PDHL to say he could not make a payment, he had got more hassle from PDHL than his original creditors. Although he had known he would have to pay a monthly fee, he would never have gone with PDHL if he knew what he did now. When he had suggested to PDHL that he might use a free debt advice charity instead, it had said that that might not do things right and he would get more letters and might end up with a County Court judgment.

my findings

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

PDHL is not responsible for the initial advice given to Mr H about the suitability of a debt management plan by Z. That is a different business: this complaint is about PDHL and I can only consider PDHL's actions in this decision.

PDHL offered Mr H a similar service to the one he had previously agreed to take from Z. It provided its terms of business (which included details of the fees) and he went ahead with taking PDHL's services. The monthly statements PDHL sent also showed the fees paid each month, so Mr H did know what he was paying PDHL, and knew what PDHL were paying his creditors. I haven't seen anything to show that either PDHL or Mr H reviewed the suitability of the plan in any detail when PDHL took over. So it seems likely that the most crucial advice Mr H had about the potential benefit of a plan was given by Z rather than by PDHL.

I can understand why PDHL would contact Mr H if he was not able to make his regular payments. I can see that that might be annoying, particularly if he had already informed PDHL of the situation. But I don't think it was unreasonable when debt management plans do depend on regular payments being made.

I can understand that Mr H now thinks it would have been better to deal with his debts in a different way. He may be right. I am aware that since he left the plan he has been able to agree other arrangements regarding his debts. But that does not necessarily make what PDHL did wrong. Some people in Mr H's situation do prefer to use the services of an organisation like PDHL, rather than dealing directly with creditors. I note that Mr H suggests he was encouraged to think PDHL's services would be more reliable than a free debt service: I do not know if that is the case. But it was open to Mr H to check out a free service at any time. Ultimately, having been given information about what was on offer, it was Mr H's choice whether to take PDHL's services, to use a free service or to negotiate directly with his creditors.

So, overall, I cannot see that I have sufficient evidence to say that PDHL acted wrongly or should refund any of the fees Mr H paid.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 February 2016.

Hilary Bainbridge
ombudsman