

complaint

Mr and Mrs W complain that debt reduction agreements were mis-sold to them by NEO Media Solutions Limited, trading as One Debt Solution. They also complain that it did not pay money to their creditors as it had agreed to do and that it has provided them with poor customer service.

background

Mrs W entered into a debt reduction agreement with One Debt Solution in November 2009. Mr W entered into a separate debt reduction agreement with One Debt Solution but at some point their debt reduction agreements were, in effect, merged. They each made payments to One Debt Solution but only a small proportion of those payments was paid to their creditors. They complained to One Debt Solution but were not satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. She did not consider that the debt reduction agreements adhered to the Office of Fair Trading's guidance on debt management issued in September 2008 or that the agreements were fully explained to Mr and Mrs W. She also concluded that One Debt Solution had not responded to their complaint and request for information promptly and fairly. She recommended that One Debt Solution should refund £2,011.30 to Mr W and £1,495.20 to Mrs W and that it should pay interest on those amounts. She also recommended that it should pay £300 to Mr and Mrs W to compensate them for the distress and inconvenience that they had been caused.

One Debt Solution has not responded to the adjudicator's recommendations.

my findings

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

It is clear that One Debt Solution was to provide claims management and debt management services to Mr and Mrs W. I do not consider that the differences between the two services, or the amounts that would be charged by One Debt Solution for those services, were properly explained to them.

The evidence available to me shows that Mr W paid a total of £2,200 to One Debt Solution but only £188.70 has been paid to his creditors. It also shows that Mrs W paid a total of £1,680 to One Debt Solution but only £184.80 has been paid to her creditors. I also consider that it has not provided them with the information about their plans that it should have done and that it has failed to properly respond to their complaint.

I consider that the agreements were not properly explained to Mr and Mrs W and that it, and One Debt Solution's actions under it, did not comply with the relevant guidance. I therefore consider that it would be fair and reasonable for One Debt Solution to cancel the agreements and to refund £2,011.30 (which is £2,200 less £188.70) to Mr W and £1,495.20 (which is £1,680 less £184.80) to Mrs W. It should also pay interest on those amounts.

Mr and Mrs W will undoubtedly have been caused distress and inconvenience by these events. I therefore consider that it would be fair and reasonable for One Debt Solution to pay £300 to Mr and Mrs W to compensate them for that distress and inconvenience.

my final decision

For these reasons, my decision is that I uphold Mr and Mrs W's complaint. In full and final settlement of it, I order NEO Media Solutions Limited, trading as One Debt Solution, to:

1. Cancel the agreements at no cost to Mr and Mrs W.
2. Refund £2,011.30 to Mr W.
3. Refund £1,495.20 to Mrs W.
4. Pay interest on those amounts at an annual rate of 8% simple from the date of payment to the date of settlement.
5. Pay £300 to Mr and Mrs W to compensate them for the distress and inconvenience that they have been caused.

If One Debt Solution deducts tax from the interest element of my award, it should send Mr and Mrs W a tax deduction certificate when making payment. They can then use that certificate to reclaim the tax if they are entitled to do so.

Jarrold Hastings
ombudsman