

## complaint

Miss V complains that MoneyPlus Group Limited, ("MGL"), didn't provide her with correct advice when it entered into a debt management plan ("DMP") with her in May 2015. The complaint is brought to this service on Miss V's behalf by a claims management company ("CMC"). But for ease, I shall refer below to all actions being taken by Miss V unless stated otherwise.

## background

Miss V entered into a DMP with MGL in May 2015. She is unhappy that:

- interest and charges have continued on her accounts and she wasn't made aware of this by MGL;
- MGL didn't inform her of the damage that would be caused to her credit file by the reduced payments she was making towards her DMP;
- MGL didn't make her aware that the same or similar service could have been provided free of charge or of the availability of free and impartial advice.

The adjudicator didn't recommend that the complaint should be upheld. She was satisfied that MGL's terms and conditions said that MGL couldn't guarantee that creditors would freeze interest, stop late payment charges or stop enforcing recovery action. The terms also clearly explained the impact a DMP would have on Miss V's credit file. With regard to the availability of free advice, the adjudicator referred to the Financial Conduct Authority's ("FCA") Handbook which applied to agreements entered into after 1 April 2014. She said that within this, the Consumer Credit Sourcebook explained the requirements on businesses signposting consumers to sources of free debt counselling etc. She referred to CONC 8.2.4 which says:

*"A debt management firm must prominently include:*

*(1) in its first written or oral communication with the customer a statement that free debt counselling, debt adjusting and providing of credit information services is available to customers and that the customer can find out more by contacting the Money Advice Service; and*

*(2) on its web-site the following link to the Money Advice Service web-site*

*(<https://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator>).*"

The adjudicator had seen MGL's system notes which confirmed that it had sent Miss V a welcome pack on 8 May 2015. Amongst other documents, this pack included a leaflet titled Dealing with Debt. This leaflet informed Miss V that she was able to get free debt advice and service by contacting the Money Advice Service. It also included details of the phone number, opening times and a link to the webpage. So the adjudicator was satisfied that MGL had informed Miss V of the free debt advice and services available to her.

The CMC disagreed and responded to say, in summary, that it didn't agree with the adjudicator's conclusions regarding signposting customers to the free sector. It believed that the FCA's expectation was that customers are told that they can receive free debt counselling (and most importantly) debt adjusting services for free elsewhere. It said that MGL's leaflet simply advised Miss V that she could receive free advice elsewhere. And as the advice she received from MGL was also free, it didn't see that the leaflet was in line with the FCA's expectations.

## **my findings**

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

As the CMC has only referred in its response to the adjudicator's view to the referral to the free debt counselling sector, I propose to only deal with this aspect of Miss V's complaint in my decision.

I note the requirements in CONC 8.2.4 set out by the adjudicator. MGL has sent this service copy documents from its welcome pack. It said the welcome pack was its first written communication with Miss V. The pack included terms and conditions and a leaflet entitled "Dealing with Debt – 5 Things You Should Know". MGL's system notes show that this pack was sent by MGL to Miss V on 8 May 2015. The Dealing with Debt leaflet includes as its first point a referral to free debt advice *and services* and a contact number and business hours for the Money Advice Service. There is also a link to the Money Advice Service website.

In addition, MGL said that there is information about the Money Advice Service prominently situated on the home page of its website.

I also note that MGL said that the script for the initial call with consumers also informs them that similar services are available free of charge. But I can see that the initial call is carried out by a third party, and that MGL administer the DMP.

As MGL included a reference to free debt advice *and services* in its first written communication with Miss V, and there is information on its website about a free debt service, I don't think that I have the grounds to find that MGL has acted inappropriately.

## **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 Miss V to accept or reject my decision before 12 December 2016.

Roslyn Rawson  
**ombudsman**