

complaint

Miss B complains that Harrington Brooks (Accountants) Limited ("HB") gave her unsuitable and misleading advice when entering into a debt management plan.

A claims management company is representing Miss B in bringing her complaint. But for ease of reading, I'll refer to all submissions as having been made by her directly.

background

In 2012, Miss B entered into a debt management plan with a different company. Shortly after this, the plan was transferred to HB to be managed.

Miss B says she wasn't fully advised about this plan, or the consequences of entering into it. She also says that HB didn't make payments to her creditors, or made payments late. Miss B has also said that when the plan was transferred to HB, it didn't advise her that she could also seek free advice, as an alternative to this.

Our investigator felt that HB had acted fairly. She said it was under no obligation to tell Miss B about free alternatives to this plan when it first contacted her to say it was managing the plan. She also said that the plan has benefitted Miss B in reducing her debts and that she couldn't see that HB misled her about it.

Miss B disagreed. She feels that the plan wasn't suitable and that HB was obliged to tell her about free alternatives under the regulations at the time. She asked for an ombudsman to reach a final decision on this complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I won't be upholding this complaint. I'll explain why.

Given that HB didn't set up the original plan, I don't think it's responsible for the information that was provided to Miss B before this was agreed. But I've seen this information and it explains what will happen with the plan. It explains the charges that'll be applied and the impact this might have on her credit file.

When HB started managing the plan, its records show that it made a 'welcome call' to Miss B. During this call, HB confirmed the terms of the plan with Miss B. She said she was still happy to proceed with the plan being managed by HB. So I can't see that HB has misled her about the plan, or the impact it would have on her.

Miss B has said that HB has missed and made payments late. I can see that there has been some confusion about certain payments. But, from its records, HB has always clarified the situation with any payments that Miss B has queried. HB has asked for more information about any specific missed, or late, payments and the impact these have had on Miss B. She hasn't provided any further details about any payments like this, so I think it's fair that HB hasn't taken any further action.

I agree with our investigator when she says that this plan has benefitted Miss B. She's paid HB a fee, but the plan reduced her debts. Interest and charges were frozen on many of Miss B's debts and that's helped her reduce her monthly payments to her creditors and reduce the overall amount she owes too. So the plan has, in my view, had the intended benefit.

Miss B has said HB should have signposted her to free debt adjusting services in its first contact with her after 1 April 2014. She's referred to regulatory obligations which she feels show this. The Consumer Credit Sourcebook explains that signposting needs to happen in the first written or oral communication. Here the plan was transferred to HB in September 2012 and its first communication was the 'welcome call' to Miss B in November 2012, which was before this regulation came into place.

Before 1 April 2014, the provider of a plan like the one here wasn't obliged to tell a customer about the availability of free alternatives in every case. Relevant guidance at that time, issued by the Office of Fair Trading (OFT), said that a referral to free debt advice should be made where appropriate to do so. This might be where there were priority debts and/or an immediate emergency, or if there wasn't enough disposable income to afford the fees and monthly payments to the plan. Looking at the overall circumstances here, I don't think there was an obligation on HB to tell Miss B about such alternatives.

my final decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 24 February 2017.

James Staples
ombudsman