

complaint

Mr F has complained that MoneyPlus Group Limited took over a debt management plan he had with a previous company and took payments without his permission.

background

Mr F had a debt management plan with Company E. Company E went into administration on 14 July 2017 and MoneyPlus acquired the rights for the ongoing management of any active debt management plans.

MoneyPlus wrote to Mr F explaining this on 26 June 2017. It advised he should call MoneyPlus if he didn't want it to manage his plan and he could cancel the transfer up to 14 days after the transfer date of 14 July 2017.

Mr F sent MoneyPlus a number of emails asking questions about the transfer. As he didn't get a reply, he sent emails expressing that any transfer of his account should be stopped.

Mr F didn't get a response so he made a complaint. MoneyPlus issued a final response on 14 August 2017. It apologised for not responding to Mr F's emails and it provided him with answers to the questions he raised about the transfer.

Mr F made another complaint in October 2017 after realising MoneyPlus still hadn't acted on his instruction to cancel the plan. He said payments had been taken for August, September and October 2017 (£648 in total) without his permission, so he asked for a refund.

MoneyPlus offered Mr F £160 in settlement of his complaint. This included a refund of the management fees it had taken in August, September and October 2017 and a small award for the trouble and upset caused. Mr F remained unhappy and referred his complaint to this service.

Our investigator thought MoneyPlus's offer was fair. She didn't think it should refund the payments it had taken as Mr F owed this money to his creditors and his debts had reduced as a result. Mr F didn't agree. He said he was out of pocket because he'd made arrangements to settle his debts for a reduced amount. He asked for a final decision.

I contacted MoneyPlus to ask for evidence that the payments taken in August, September and October 2017 were passed on to his creditors. I then provided this to Mr F, explaining that I couldn't see he was out of pocket. But Mr F said that he'd reached agreements to settle his debts for a reduced sum before these payments were made to his creditors. So they weren't necessary. He said he wouldn't settle for anything less than half of the £648 owed to him.

I provided Mr F with my findings informally but he didn't accept them. He said MoneyPlus should've acted on his instructions to cancel the plan regardless.

As no agreement could be reached I'm providing my final decision.

my findings

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

I appreciate that Mr F feels very strongly that his payments should be returned to him in full on the basis that he didn't give MoneyPlus permission to take on his debt management plan. I'm sorry to disappoint him, but I don't think MoneyPlus needs to refund the payments. And I think the compensation offered to him is fair in the circumstances. I'll explain why.

MoneyPlus advised Mr F to call it on a specific phone number if he wanted to cancel the transfer of his plan from Company E to MoneyPlus. Mr F contacted MoneyPlus by email to say he didn't want the transfer to go ahead unless he got answers to his questions. But I don't think it was unreasonable for MoneyPlus not to cancel the transfer of his plan given he hadn't complied with the instructions he'd been given.

MoneyPlus wrote to Mr F on 14 August 2017 – it apologised for not responding to his emails and provided answers to his earlier questions. It also explained that Mr F's plan had been transferred to MoneyPlus as of 14 July 2017. So, I think Mr F should've known his plan was still in place.

Mr F then called MoneyPlus on 23 August 2017 to query a balance on a progress statement he'd received dated 15 August 2017. The figures were discussed and clarified. Mr F also informed the representative he was looking into taking a loan to clear his outstanding debts. He asked her what MoneyPlus could do for him with regards to settling the loans and what fee it would take. The representative suggested Mr F speak with the settlement department. Mr F said he hadn't got the loan yet so would look into this himself. Before the call ended, the representative asked whether Mr F wanted a file update, explaining what his outstanding balances were and how long he had left to pay. Mr F said he didn't need this because he'd recently received the progress statement.

Although Mr F says he believed his plan had been cancelled by this point, there was no reference to the plan having been cancelled in the call. He was also offered up to date information about his balances and how long it would take to repay them. And he'd received a progress statement dated 15 August 2017, which was after MoneyPlus had responded to his complaint. So, overall, I also think Mr F should've known his plan was still in place with MoneyPlus. For this reason, I don't think it needs to refund the payments taken in August, September and October 2017.

MoneyPlus made an offer to refund the management fees for August, September and October 2017, plus a small sum for trouble and upset. While I don't think MoneyPlus was wrong to take those payments, it is entitled to offer compensation as it sees fit, and I think the offer is fair given the earlier service issues.

Mr F says he's out of pocket because of the arrangements he made with his creditors to settle the debts for a reduced sum. So, for this reason the payments should be returned to him. But from the information Mr F has sent us, his debts weren't settled until after 9 October 2017, which was after the last payment MoneyPlus collected and passed on to his creditors. Ultimately, until the debts were settled, Mr F owed the outstanding balances and Mr F's creditors would've been aware of any payments it was continuing to receive via the debt management plan. Mr F's creditors continued to accept these payments whilst settlement figures were being discussed. So, I don't think I can hold MoneyPlus responsible if Mr F believes the payments were made unnecessarily.

my final decision

MoneyPlus Group Limited has made an offer to pay Mr F £160. I conclude that such an offer is fair in the circumstances.

My decision is that MoneyPlus Group Limited should pay Mr F £160.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 September 2018.

Hannah Wise
ombudsman