

complaint

Mr G complains Totemic Limited trading as Payplan ("Payplan") withdrew his Debt Management Plan ("DMP") without notice.

background

Mr G brought his complaint to us as he was unhappy with the response he'd received from Payplan to his concerns. Payplan told him he was well within his rights to decide not to pursue the Debt Relief Order ("DRO") they'd recommended to him but, taking into account his current debt level and available surplus income it would take him until March 2092 to complete paying off his debts in the DMP. They said this wasn't a realistic time frame for the DMP and not the best debt solution for Mr G to repay his debts. They said there appeared to be no change in Mr G's circumstances for some years now, and they had advised previously that a DRO or even Bankruptcy would be the best debt solution to get Mr G debt free in the shortest time frame possible. Based on the information they held about his circumstances, Payplan proceeded to close Mr G's file and suggested he contacted his creditors direct and agreed a repayment plan with them.

Mr G told us he thought Payplan had acted unreasonably when cancelling his DMP. He thought their actions discriminated against people with low incomes when they were supposed to be a company helping people struggling with debt. He told us he couldn't afford the fees for the Debt Relief Order ("DRO") suggested by Payplan. Mr G also thought one of the case handlers had a vendetta against him.

Our investigator thought Payplan hadn't been unreasonable in their actions. He thought they'd acted in line with the Financial Conduct Authority's ("FCA") rules on DMPs and that they'd also offered Mr G alternative solutions. So he didn't uphold the complaint.

Mr G was unhappy with the view and asked for an ombudsman to review his case. He agreed it was unreasonable to stay in a DMP for 74 years but equally unreasonable to assume his circumstances would not change in that time either. He thought it would have been more reasonable for Payplan to review this in the summer when it was easier financially as there wasn't the pressure of heating bills. But this didn't happen as Payplan ended the DMP in February 2019 without his consent. And he said the real issue here was that the ending of the DMP without his consent left Mr G to deal with creditors himself.

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'm sorry to hear of the difficult circumstances Mr G finds himself in. I appreciate he feels our investigator hasn't thoroughly investigated his complaint and thinks he hasn't been impartial. I want to assure Mr G I've looked at everything afresh before reaching an independent view. But I'm not persuaded this is a complaint I can fairly and reasonably uphold.

It's to Mr G's credit that he contacted his creditors direct in 2018 and reached an agreement with them. It's clear that he has strong feelings about this complaint. He's provided detailed submissions in support of his view which I can confirm I've read and considered in their entirety. However, I trust that Mr G will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised, but to set out

my conclusions and reasons for reaching them. The investigator has given a full summary of the background to this complaint in his letter giving his opinion. So I shan't repeat that here.

The information I've received from Payplan satisfies me that their actions aren't contrary to the FCA's guidelines on DMP's. Those guidelines recommend if it becomes clear that the current course of action isn't producing the effects which are in the customer's best interests, the possibility of withdrawing from a DMP can be considered. Mr G's told us when Payplan reviewed his account and suggested a DRO he told them he couldn't afford the fees. But I can't see that he's explored the option of paying by instalments as offered by Payplan. Whilst I appreciate Mr G's point that his circumstances could change for the better in the future and he viewed the DMP as a short term measure, at the point the decision was made, it had been in place for over seven years, having been set up in September 2011. Payplan have to make decisions based on the evidence before them at the time of a review. And, as far as I can see, there was no evidence before Payplan to support any change in circumstances.

When Payplan wrote to Mr G on 14 November 2018 after his annual review recommending the DRO they told him *"I've explained...why I believe a DRO is the right solution for you, along with details of any other options I considered for you"*. They give the reason for recommending the DRO as *"You told me that you are not expecting your circumstances to improve"* and that they didn't think the DMP was sustainable. So, even though it's clear Mr G didn't want a DRO, from everything I've seen I can't say it was unreasonable for Payplan to take the view they did and to bring the DMP to an end.

In past reviews Payplan have considered a DRO but have allowed the DMP to continue with the payment level remaining at £7. They've also suggested Mr G contact creditors direct and signposted him to various debt relief charities. And in respect of the DRO they told him the fee – which Mr G found unaffordable – was payable by instalments. I think those measures demonstrate forbearance and flexibility on Payplan's part. And I can't agree with Mr G that altering the timing of the review to the summer would have made a difference to the situation - as his heating costs would resume the following winter - so any increase in income then wouldn't be permanent and sustainable. So, overall, I think Payplan have acted in line with their responsibilities. And I'm afraid, in the evidence before me, there's nothing to support Mr G's concerns of poor service or any personal vendetta from the staff at Payplan.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 2 May 2020.

Annabel O'Sullivan

ombudsman