

## **complaint**

Mrs P complains that Debt Advisory Line Limited didn't make her aware of free alternatives when she contacted it for help with her debts. She is being helped with her complaint by a representative.

## **background**

Mrs P contacted Debt Advisory Line in 2013 for help with her debts. She entered into a debt management plan with it in August 2013. Her representative complained to Debt Advisory Line in December 2015 that, amongst other things, she hadn't been made aware of free debt advice services that were available to her. Mrs P wasn't satisfied with its response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. She concluded that

- Mrs P wasn't charged a set-up fee for her debt management plan and the monthly fees were made clear to her;
- the debt management plan was explained to Mrs P and she was given the opportunity to ask any questions;
- it was made clear that although Debt Advisory Line would ask the creditors to freeze interest and charges, that couldn't be guaranteed and creditors might still seek recovery action;
- there wasn't any evidence to suggest payments hadn't been distributed correctly;
- the Debt Managers Standards Association code of conduct at the time (which refers to the Office of Fair Trading guidance, as updated in March 2012) says that unfair and improper practices include: *"failing to refer the consumer, where appropriate, to a not-for-profit advice organisation for further help"*;
- the guidance suggests that that may include where a consumer has priority debt problems or doesn't have enough disposable income to pay the fees;
- Mrs P didn't provide any information to Debt Advisory Line that would suggest she was experiencing those issues so it wasn't obliged at that time to direct her elsewhere;
- when Debt Advisory Line sent review correspondence to Mrs P it included information about free debt advice - but Mrs P didn't contact it about it or withdraw from the plan; and
- during the review in September 2015 Mrs P told Debt Advisory Line that she wanted to remain in the debt management plan.

Mrs P's representative – on her behalf - has asked for this complaint to be considered by an ombudsman. The representative says, in summary, that Debt Advisory Line had an obligation under the Office of Fair Trading's debt management guidance to make Mrs P aware of free debt services and that its compliance review of 2010 made quite clear its expectation that debt management companies should provide full information regarding the free sector.

## **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 agree with the adjudicator – and for largely the same reasons.

The Office of Fair Trading's guidance says:

*“Examples of unfair or improper business practices include: ...*

*failing to refer the consumer, where appropriate, to a not-for-profit advice organisation for further help. This may include under circumstances in which he:*

*has priority debt problems and/or an immediate ‘emergency’ that the licensee is unable or unwilling to assist with and/or does not have enough disposable income to meet the cost of paying the fees charged by the licensee.”*

And the Debt Managers Standards Association code of conduct – which applied to Debt Advisory Line – says:

*“Where it appears that applicants are unable to pay any management fees due to the severity of their financial position, members should, where appropriate recommend such clients to non profit advice centres.”*

I’ve not seen evidence to show that Mrs P had priority debt problems or that she couldn’t pay Debt Advisory Line’s fees. So I’m not persuaded that Debt Advisory Line has used unfair or improper business practices in its dealings with Mrs P. And I consider that the advice that she was given was consistent with the information that she had provided about her financial position and was appropriate for her.

I’m not persuaded that Debt Advisory Line has acted incorrectly in the advice that it gave to Mrs P. So I find that it wouldn’t be fair or reasonable for me to require it to pay any compensation to Mrs P or to take any other action in response to her complaint.

### **my final decision**

For these reasons, my decision is that I don’t uphold Mrs P’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs P to accept or reject my decision before 26 September 2016.

Jarrold Hastings  
**ombudsman**