

complaint

Mrs G, represented by a claims management company (CMC), complains that Butler-Do Ltd (the business) mis-sold her a debt management plan (DMP).

background

Mrs G entered into a DMP with the business in 2009. The CMC says that a DMP was not the best solution available to Mrs G and that had a debt relief order (DRO) been suggested to her she would have taken that option. It says a DRO would have resulted in Mrs G being debt free sooner and at a lower cost. The CMC also suggests that bankruptcy would also have been a better alternative.

Mrs G also complains that she was not made fully aware of the fees for the DMP or that there were free debt services available.

The business says that discussed the options available to Mrs G in May 2009. It says that at that time there was no obligation on the business to inform customer's of the availability of debt free services. It says that following changes to the guidance in 2014, its compliance scripts were changed and that customers would have been told about debt free services in the subsequent review call.

The business says that when Mrs G completed her consultation call she agreed that she had a disposable income of £80. This meant she would not be eligible for a DRO. It says Mrs G was aware of bankruptcy as she had been made bankrupt previously. It says that during Mrs G's 2012 and 2013 review calls her disposable income dropped. The business says that when there was a drop in disposable income below £50 the advisor would have discussed the option of bankruptcy and or a DRO.

The adjudicator did not find that Mrs G had been mis-sold a DMP. He said that Mrs G would not have been eligible for a DRO and that bankruptcy was a last resort. He said that it was not for him to decide which option was most suitable for Mrs G but whether the advice about the DMP was reasonable and he considered it was.

The adjudicator said that the DMP's terms and conditions and the compliance statement the debt advisor used on the consultation call set out the fees Mrs G would have to pay. He also said that when Mrs G took out the DMP in 2009 it was not a requirement on the business to inform her of the free debt services available.

The CMC asked, on Mrs G's behalf, for an ombudsman to review of 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.

Mrs G set up her DMP in 2009. Given the time that has passed there is only limited information available which I do not find surprising. However I do find I am bale to make a decision on this case.

The CMC says that the DMP was not the best solution for Mrs G and that a DRO or bankruptcy would have been better. Based on the information provided, Mrs G had a

disposable monthly income of £80 when she set up the DMP. As the limit on disposable monthly income for a DRO is £50, she would not have been eligible for a DRO at that time. I can see from the business' notes that reviews were undertaken and Mrs G's disposable income reduced. It says that when this fell below £50 the option of a DRO and or bankruptcy would have been discussed.

The business has also said that Mrs G was aware of bankruptcy as she had previously been made bankrupt.

On balance, I find that it was reasonable, given Mrs G's circumstances, that a DMP was suggested.

I have looked at the terms and conditions in place in 2009 and the compliance script. I find that these contain the information Mrs G needed about the DMP and the fees that would be charged. Based on this I find that Mrs G was provided with the information she needed to make an informed decision as to whether or not to enter into the DMP.

Mrs G says that the business did not make her aware of the free debt services available. Having looked at the regulations in place at the time, I accept that the business was not required to do this.

Overall, I do not find that I have enough information to suggest that the business did anything wrong.

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 Mrs G to accept or reject my decision before 31 October 2016.

Jane Archer
ombudsman