

complaint

Miss B complains about the advice that she was given by Foundation for Credit Counselling, trading as StepChange, in connection with her debt relief order.

background

Miss B contacted StepChange about her debts in 2014. It prepared a personal action plan for her in November 2014 which recommended a debt relief order – and a debt relief order was submitted in March 2015. She complained to StepChange in June 2017: that she wasn't told about the impact the order would have on her credit file or that defaults could be recorded on her credit file; and that she was told to give incorrect information to qualify for the order. She wasn't satisfied with its response so complained to this service.

The investigator didn't recommend that this complaint should be upheld. She didn't have enough information to say that StepChange told Miss B to give incorrect information to qualify for a debt relief order. She thought that Miss B would've been made aware of how the order worked and the impact it would have on her credit file. And she couldn't hold StepChange responsible for Miss B's belief that there wouldn't be any defaults recorded on her credit report.

Miss B has asked for her complaint to be considered by an ombudsman. She says, in summary, that she was never told she could get other defaults and that StepChange must have recordings of her phone calls.

my findings

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

Miss B contacted StepChange about her debts in 2014 and her debt relief order was submitted in March 2015. StepChange says that it no longer has recordings of its phone calls with Miss B from that time. There's no requirement for it to keep call recordings from that long ago – and I don't find it to be unreasonable that it isn't able to provide those recordings.

StepChange prepared a personal action plan for Miss B. It said:

"If your application for a DRO is approved, your credit rating will be affected and your name is put on the Individual Insolvency Register for a minimum of 15 months";

and it also said that she had to sign a debt relief order declaration. That declaration said:

"I am aware that ... a DRO will be recorded on the Insolvency Register for 15 months and on my credit file for 6 years. This will impact my credit rating, which could affect my ability to obtain further credit, mortgages, contracts and rental agreements in the future".

So I consider that StepChange did explain to Miss B the impact that the debt relief order would have on her credit file. The declaration also said:

“All the information I have supplied is true and correct, to the best of my knowledge and belief”.

I'm not persuaded that it's likely that StepChange would've advised Miss B to give incorrect information on her application – and she declared that the information that she'd provided was true and correct.

StepChange is unable to remove the defaults that third parties have recorded on Miss B's credit file. Those third parties have a duty to report accurate data about an individual's account to credit reference agencies - and I'm not persuaded that there's enough information to show that StepChange has acted incorrectly in connection with those defaults. The investigator asked Miss B to provide a copy of her credit report and to explain in more detail why she didn't agree with the investigator's conclusions – but she didn't provide any such information.

I'm not persuaded that there's enough evidence to show that StepChange has given incorrect advice to Miss B or that it has acted incorrectly in connection with her debt relief order. So I find that it wouldn't be fair or reasonable for me to require it to take any action in response to her complaint.

my final decision

For these reasons, my decision is that I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 December 2017.

Jarrold Hastings
ombudsman