

## **complaint**

Mr and Mrs J have complained that Haydon Associates Debt Management Consultants Ltd put them in a debt reduction plan (DRP), when they believed they were entering into a debt management plan (DMP).

## **background**

Mr and Mrs J entered into a DRP with Haydon. Under this plan, they paid £1,680 to Haydon over nearly two years. Of this, it retained £1,224 in fees. £99.92 went to Mr and Mrs J's creditors, and £80 remains in their client account.

However, Mr and Mrs S have explained that they were told they were entering into a debt management plan, and that this would be much more favourable. They said they were told the fees would be low and that their debts would be cleared quickly.

Mr and Mrs J are now in an individual voluntary arrangement (IVA) with a different provider.

Our adjudicator recommended that the complaint should be upheld. This was because they'd already been in a free DMP when approached by Haydon. So she didn't think Haydon had acted in their best interests.

## **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 don't think it's necessary for me to look in detail at whether Mr and Mrs J thought they were entering into a DMP or a DRP. Ultimately, what this boils down to is that Haydon approached Mr and Mrs J and sold them a product that was evidently going to worsen their financial position. I think the key point is that when they were approached, they were already in a free DMP. It was clearly inappropriate to offer a product that passed so little to creditors, whilst retaining so little in fees, with no guarantee that it could negotiate lower repayment terms. Indeed, I've seen no evidence that this was even attempted. Nor have I seen any evidence as to why Haydon thought its plan would be suitable.

Because of this, it should refund all of the fees it retained, plus the outstanding money in the client account. It should also add interest to these sums.

It's clear to me that Mr and Mrs J got a terrible shock when they realised what had happened. It was also very stressful for them, and they then needed to enter into an individual voluntary arrangement. It's not possible for me to know if this would have happened anyway. But it's clear that the situation was certainly worsened by Haydon. It also failed to respond to Mr and Mrs J, which caused further upset. I agree with the adjudicator that £300 compensation is appropriate to address this aspect.

## **my final decision**

For the reasons given above, it's my final decision to uphold this complaint. I require Haydon Associates Debt Management Consultants Ltd to refund the £1,224 fees paid, plus the outstanding funds of £80. It must add 8% simple interest to each fee/payment, from the date

Mr and Mrs J paid it, to the date of settlement. It must also pay £300 compensation for the distress and inconvenience caused.

I note that Mr and Mrs J are currently in an IVA. The IVA practitioner has advised that the award must go to it in its entirety. Haydon Associates Debt Management Consultants Ltd must contact this service for details of where to make the payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 30 November 2015.

Elspeth Wood  
**ombudsman**