

complaint

Miss B complains about a debt reduction agreement that she took out with NEO Media Solutions Limited, trading as One Debt Solution. She complains that it did not pay money to her creditors as it had agreed to do.

background

Miss B entered into a debt reduction agreement with One Debt Solution in September 2011.

She made payments totalling £1,400 to One Debt Solution but none of that was paid to her creditors. She cancelled her agreement and asked One Debt Solution for a refund. It refused to refund any of the payments that she had made to it so Miss B complained to this service.

The adjudicator recommended that this complaint should be upheld. She recommended that One Debt Solution should refund £1,400 to Miss B, with interest, and that it should pay £200 to her to compensate her for the distress and inconvenience that she had been caused.

One Debt Solution accepted the adjudicator's recommendations but has made no payments to Miss B.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

One Debt Solution was to provide claims management and debt management services to Miss B. I do not consider that the agreement is as clear as it should be about the differences between the two services or the amounts that would be charged by One Debt Solution for those services. I therefore consider that the agreement did not comply with the Office of Fair Trading's guidance. Miss B paid a total of £1,400 to One Debt Solution but I have seen no evidence to show that any of that amount was paid to her creditors.

I therefore consider that it would be fair and reasonable for One Debt Solution to refund £1,400 to Miss B, with interest. Miss B will undoubtedly have been caused distress and inconvenience by these events and I consider that it would be fair and reasonable for it to pay £200 to her to compensate her for that distress and inconvenience.

my final decision

For these reasons, my decision is that I uphold Miss B's complaint. In full and final settlement of it, I order NEO Media Solutions Limited, trading as One Debt Solution, to:

1. Refund £1,400 to Miss B.
2. Pay interest on that amount at an annual rate of 8% simple from the date of payment to the date of settlement.
3. Pay £200 to Miss B to compensate her for the distress and inconvenience that she has been caused.

If One Debt Solution deducts tax from the interest element of my award, it should send

Miss B a tax deduction certificate when making payment. She can then use that certificate to reclaim the tax if she is entitled to do so.

Jarrold Hastings
ombudsman