

complaint

Mrs K complains that a financial management plan was mis-sold to her and hasn't been administered properly by Harrington Brooks (Accountants) Limited.

background

Mrs K entered into a financial management plan with a debt management company in October 2014. The debt management company stopped trading and Harrington Brooks took over the management of the plan in December 2014. The plan was closed later that month. A complaint was made to Harrington Brooks in December 2015. It said that:

- Mrs K wasn't made aware:
 - that interest and charges could continue to accrue;
 - of the monthly fees deducted from her payments which weren't being paid to her creditors;
 - that the same or similar service could've been provided for her free of charge;
 - that any creditor's recovery action could continue;
 - of the impact on her credit rating by reducing payments to her debts; and
 - of the setup fee;
- reviews of the account weren't conducted to ensure that the plan and the payments being made were appropriate; and
- distributions to her creditors weren't made frequently.

Mrs K wasn't satisfied with Harrington Brooks' response so complained to this service.

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

- Harrington Brooks wasn't responsible for the initial sale of the plan;
- Harrington Brooks has no records of what advice was given to Mrs K when she entered into the plan – so it can't say whether or not she was made aware of fee-free services (but if she wasn't - Harrington Brooks wouldn't be responsible for that);
- only two payments were made by Mrs K and they were paid to the original debt management company – and he was satisfied that they were distributed to her creditors;
- Harrington Brooks phoned Mrs K when it took over the plan and she was made aware that the interest and charges could continue to accrue and of the monthly fees and set up fee;
- the other issues highlighted in the complaint were addressed in the terms of business and terms and conditions that would've been provided to Mrs K – so he was persuaded that she would've been reasonably aware of those issues; and
- fee-free services weren't discussed in that call – but Harrington Brooks wasn't required to make her aware of them because it didn't make the initial call about the plan.

Mrs K's representative – on her behalf - has asked for this complaint to be considered by an ombudsman. The representative says, in summary, that when a client's plan is transferred, the company taking over the plan should treat it as a new customer and plan. And that a full review of their circumstances should be undertaken to ensure that the plan is the most suitable option for them and to signpost the customer to free debt counselling and adjusting services.

The adjudicator responded to Mrs K's representative. He said that this service wouldn't expect a business to completely reassess a customer if the customer received advice to

enter into a plan a month or two before. He also said that the original debt management company would be responsible if free services weren't mentioned to Mrs K.

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 the same reasons.

Mrs K entered into the plan with the original debt management plan – so it (and not Harrington Brooks) was responsible for the advice that was given to Mrs K. When Harrington Brooks took over the plan in December 2014 it explained its fees and the way that the plan worked to Mrs K. And the plan was closed later that month.

Mrs K had entered into the plan in October 2014 – and it was transferred to Harrington Brooks two months later – so I'm not persuaded that there was any requirement for Harrington Brooks to review the plan at that time or to treat Mrs K as a new customer.

And I consider that there was no requirement for Harrington Brooks to make Mrs K aware of the free services that were available to her. The Financial Conduct Authority's Consumer Credit Sourcebook says that a debt management company must include in its first communication with a customer a statement about the free services that are available to them. But I consider that to apply when the plan is first taken out – and not when it is transferred to another debt management company.

I'm not persuaded that there's enough evidence to show that Harrington Brooks has acted incorrectly in its dealings with Mrs K and her plan. So I find that it wouldn't be fair or reasonable for me to require it to refund any payments to Mrs K 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 K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 28 December 2016.

Jarrold Hastings
ombudsman