

complaint

Miss B has complained that Debt Connect (U.K.) Limited did not correctly manage a debt management plan she had entered into with it.

background

Miss B entered into a debt management plan with Debt Connect. Under the plan, she made a monthly payment, from which Debt Connect was to deduct a fee, with the remainder being distributed to her creditors. Miss B says that Debt Connect failed to make payments to her creditors, which she realised when the creditors contacted her. Miss B then cancelled the plan.

The adjudicator recommended that the complaint should be upheld. He was persuaded from the available evidence that Debt Connect had only passed on £6.02 of the £750 Miss B had paid to it. He also recommended that Debt Connect should pay Miss B £250 for the distress and inconvenience it caused her.

It seems that Debt Connect has acknowledged that Miss B is due a refund, but has failed to provide this. The complaint has therefore been passed to me for my final decision.

my findings

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

Little seems to be in dispute here - Debt Connect has acknowledged that it owes Miss B a refund. From the figures I have seen, I believe on balance that only £6.02 was ever passed on to the creditors. In the circumstances, I think it fair for Debt Connect to refund the entire amount Miss B paid to it, less the £6.02. It should also refund the parts of her payments that constituted the management fee, as it failed properly to manage Miss B's plan.

I also agree with the adjudicator that Debt Connect's mismanagement of Miss B's plan caused her considerable distress and inconvenience – in particular, receiving letters from creditors, and then not having her refund paid. I consider that £250 compensation is appropriate to address this.

my final decision

For the reasons given above, it is my final decision to uphold this complaint. I require Debt Connect (U.K.) Limited to:

- a) refund Miss B all of the payments she made in full, less the £6.02, adding 8% simple interest per annum, from the date she made each payment to the date of settlement; and
- b) pay her £250 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss B to accept or reject my decision before 22 December 2014.

Elspeth Wood
ombudsman