

complaint

Mr H and Mrs S complain about Blue Finance Management Limited, trading as Debt Plan Direct. They say Debt Plan Direct:

- didn't tell them about free debt management services;
- misled them about the fees they'd have to pay;
- didn't handle the payments they made to it correctly; and
- didn't do regular reviews to check they could still afford the plan and that it was still suitable for them.

background

Mr H and Mrs S agreed to the debt reduction plan in February 2014. This appears later to have become a debt management plan. They complained in late 2015, through a claims management company. Debt Plan Direct responded, saying it felt it hadn't done anything wrong. It thought it had made all the terms of the plan clear to Mr H and Mrs S at the start, and said it had paid their creditors regularly.

The claims management company asked us to look into the matter. Our adjudicator asked Debt Plan Direct for information about Mr H's and Mrs S's plan with it. Debt Plan Direct acknowledged those requests and said it would come back to us. But it didn't do so, despite reminders.

The adjudicator looked at what information he had, and found there was nothing to show Debt Plan Direct had:

- given Mr H and Mrs S all the information it should have given them about their plan;
- done regular reviews with them; or
- passed on their payments to their creditors promptly.

He thought Debt Plan Direct should refund the payments Mr H and Mrs S had made into the plan, less any payments it could show it had made to their creditors, plus interest. He also recommended that it pay Mr H and Mrs S £100 for its delays in dealing with their complaint.

Mr H and Mrs S accepted the adjudicator's recommendation, but Debt Plan Direct didn't reply.

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 see no reason to reach a different overall outcome from the one the adjudicator has set out.

In particular, I think the fees for the plan were unclear and contradictory. Some of the papers said the monthly fee would be £25, and others said it would be £39. And just a couple of weeks after the plan started, Debt Plan Direct wrote to Mrs S saying the fee had increased to £35. I find nothing to indicate it contacted Mr H as well or that he agreed to the increase.

The claims management company has provided other letters that Debt Plan Direct sent to Mr H and Mrs S. They include letters saying Debt Plan Direct had reviewed their plan. But

it's not clear what those reviews were based on, and Debt Plan Direct doesn't appear to have consulted with Mr H and Mrs S to see if their circumstances had changed.

Mr H and Mrs S had debts of around £4,000 when they entered into the plan, and I've only seen information that Debt Plan Direct collected about Mrs S's income and outgoings. Both Debt Plan Direct and the claims management company refer to the plan as being for both Mr H and Mrs S. But I find nothing to indicate that Debt Plan Direct looked at Mr H's financial position. In all the circumstances and based on the available evidence, I'm not persuaded that the plan was suitable or that it was explained properly to Mr H and Mrs S.

my final decision

My final decision is that I uphold this complaint. In settlement, I order Blue Finance Management Limited, trading as Debt Plan Direct, to:

- 1) refund the payments Mr H and Mrs S made to the plan, less any payments it made to their creditors;
- 2) pay simple interest at a rate of 8% a year on the amounts at 1) above, from the date each payment was made until the date of settlement; and
- 3) pay Mr H and Mrs S £100 compensation.

If Debt Plan Direct takes tax off the interest part of my award, it should send Mr H and Mrs S tax deduction certificates so they can reclaim the tax from the tax authorities, if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs S to accept or reject my decision before 19 September 2016.

Janet Millington
ombudsman