

complaint

Mr and Mrs T complain that a debt reduction agreement was mis-sold to them by NEO Media Solutions Limited, trading as One Debt Solution. They also complain that it did not pay money to their creditors as it had agreed to do and that it has provided them with poor customer service.

background

Mr and Mrs T entered into a debt reduction agreement with One Debt Solution. They made payments to One Debt Solution but only a small proportion of that was paid to their creditors. They complained to One Debt Solution but did not receive a response so complained to this service.

The adjudicator recommended that this complaint should be upheld. She did not consider that the debt reduction agreement adhered to the Office of Fair Trading's guidance on debt management issued in September 2008 or that the agreement was fully explained to Mr and Mrs T. She also concluded that One Debt Solution had incorrectly advised Mrs T. She recommended that One Debt Solution should refund the payments made to it by Mr and Mrs T, less any payments made to their creditors under the agreement. She also recommended that it should pay interest on that amount and that it should pay £250 to Mr and Mrs T to compensate them for the distress and inconvenience that they had been caused.

One Debt Solution has not responded to the adjudicator's recommendations.

my findings

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

It is clear that One Debt Solution was to provide claims management and debt management services to Mr and Mrs T. I do not consider that the differences between the two services, or the amounts that would be charged by One Debt Solution for those services, were properly explained to them.

The evidence available to me shows Mr and Mrs T paid a total of £1,360 to One Debt Solution but only £150.70 has been paid to their creditors. I also consider that there is evidence to show that One Debt Solution incorrectly advised Mrs T to come to an arrangement with a creditor but that it then terminated the debt reduction agreement because she had done so.

I consider that the agreement was not properly explained to Mr and Mrs T and that it, and One Debt Solution's actions under it, did not comply with the relevant guidance. I therefore consider that it would be fair and reasonable for One Debt Solution to refund to Mr and Mrs T £1,209.30 (which is £1,360 less £150.70), with interest. Mr and Mrs T will undoubtedly have been caused distress and inconvenience by these events. I therefore consider that it would be fair and reasonable for One Debt Solution to pay £250 to Mr and Mrs T to compensate them for that distress and inconvenience.

my final decision

For these reasons, my decision is that I uphold Mr and Mrs T's complaint. In full and final settlement of it, I order NEO Media Solutions Limited, trading as One Debt Solution, to:

1. Refund £1,209.30 to Mr and Mrs T.
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 £250 to Mr and Mrs T to compensate them for the distress and inconvenience that they have been caused.

If One Debt Solution deducts tax from the interest element of my award, it should send Mr and Mrs T a tax deduction certificate when making payment. They can then use that certificate to reclaim the tax if they are entitled to do so.

Jarrold Hastings
ombudsman