

complaint

Mr and Mrs S complain about the way that Daniel Chandler Limited managed their debt management plan.

background

Mr and Mrs S had a debt management plan with Daniel Chandler for a number of years. They complain that Daniel Chandler didn't make the right payments to their creditors.

Our adjudicator thought that the complaint should be upheld. She looked at all the evidence provided and didn't think that Daniel Chandler was paying the correct amounts to the creditors. She asked Daniel Chandler to give back the money it hadn't passed on and all the monthly management fees charged. She also said that Daniel Chandler should pay Mr and Mrs S £150 for the worry it caused them.

Daniel Chandler didn't respond, so the complaint has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Daniel Chandler hasn't provided any information to assist with the complaint. But Mr and Mrs S provided bank statements which show payments to Daniel Chandler. Some of their creditors also provided information about the payments they received.

The agreement shows that Mr and Mrs S agreed to make monthly payments of £400 to Daniel Chandler, who agreed to forward £329.50 a month to the creditors and keep a monthly management fee of £70.50. I can see from the bank statements that with exception to three months during 2014, Mr and Mrs S made regular £400 monthly payments to Daniel Chandler from January 2012 to June 2015. Mr and Mrs S say they made payments every month, given the frequency of their payments over the plan, I agree that it's more likely that they did make these three payments too.

Our adjudicator has calculated that Daniel Chandler only forwarded £2,141.63 to the creditors out of the £12,000 paid to it. She provided both parties with a breakdown of the payments. Daniel Chandler didn't respond with an explanation or provide any evidence of any additional payments being made to creditors. And I haven't seen anything to suggest the adjudicator's calculation is wrong. So I think that Daniel Chandler should refund £9,858.37 (the difference between what it received and what it sent to the creditors, with interest).

Although I can see that Daniel Chandler did pass on some payments to the creditors, there doesn't seem to be any month where all the creditors received payments, so I don't think it should keep any of the management fees charged.

I think Daniel Chandler has caused Mr and Mrs S distress. They agreed a debt management plan to help with their finances, but didn't get what they expected. So I agree with the adjudicator that £150 is fair and reasonable compensation for this.

my final decision

To resolve the complaint I think that Daniel Chandler Limited should;

- refund Mr and Mrs S £9,858.37- representing the 30 payments of £400 made by Mr and Mrs S, less payments made to the creditors; and
- add interest at an annual rate of 8% simple to the 30 monthly payments of £400 (less any amount the amounts paid to creditors, from the date of each payment to the date of settlement; and
- pay Mr and Mrs S £150 compensation for the distress and worry caused.

Interest should also be paid at the annual rate of 8% simple on the £150 compensation, if it isn't paid within 28 days of the date of my decision.

If Daniel Chandler thinks that tax should be deducted from the interest payment on this award, it should provide Mr and Mrs S with a tax deduction certificate, so they can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 5 February 2016.

Karen Dennis-Barry
ombudsman