

## **complaint**

Mr and Mrs R, represented by a claims management company (CMC), complain that Gregory Pennington Limited (the business) did not provide them with the information they needed when they entered into a debt management plan (DMP).

## **background**

Mr and Mrs R, represented by the CMC, complain that the business did not tell them about the availability of free debt services when they entered into their DMP. They also say they were not made aware that interest and charges might still be applied to their accounts while the DMP was in place.

The business says that Mrs R contacted it in January 2011 and subsequently set up a joint DMP with Mr R. It says at that time there was no obligation on it to inform Mr and Mrs R of the free debt services available. It says that the requirement introduced in April 2014 required businesses to inform customers of free debt services in the first written or oral communication. It says that Mr and Mrs R had been in the DMP since 2011 and so it was not under any obligation to make them aware of the free services at that time.

The business says it made an assessment of Mr and Mrs R's circumstances and confirmed the amount they could pay under the DMP. It says that it clearly explained the nature of its services and that after the initial discussion written confirmation of the issues discussed was set to Mr and Mrs R.

In regard to interest being frozen, the business says that information that it could not guarantee the outcome of creditor negotiations was set out in its terms and conditions.

The adjudicator said that the DMP was taken out in January 2011 and at that time there was no regulatory obligation for the business to make Mr and Mrs R aware of the free services available. He explained that from April 2014, the Financial Conduct Authority introduced new rules stating that customers must be made aware of these free services.

The adjudicator said that Mr and Mrs R had not been disadvantaged by not being made aware of the free services as they had benefitted from the DMP being put in place. He said Mr and Mrs R were aware of the fees and decided to go ahead with the DMP.

In regard to creditors freezing the interest, the adjudicator noted that the terms and conditions of the DMP set out that the business was not able to make creditors freeze the accounts and prevent further interest and charges being added.

The CMC responded to the adjudicator's view. It said that the expectations of the guidance in place at the time Mr and Mrs R entered into their DMP referred to transparency and acting in the best interests of the client. It says that based on the guidance in place at the time, the business should have informed Mr and Mrs R about the availability of free debt services.

The CMC also noted that the DMP was still in place after April 2014 at which point there was no doubt about the requirement to inform customers about the free debt services available.

## **my findings**

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

Mr and Mrs R have raised two issues in regard to the information they were provided with when they entered into their DMP.

One issue was that they were not told that interest and charges could continue to be applied to their accounts while they were in the DMP. I have looked at the terms and conditions of the DMP and can see that this information is included.

The second issue was that Mr and Mrs R were not told by the business about the availability of free debt services.

I have looked at the relevant guidance in place when Mr and Mrs R entered into their DMP. Based on this I do not find that the business was required to inform them of the free debt services available.

I note the comments made by the CMC about the guidance in place and subsequent guidance. I specifically note the comments about the requirements introduced in April 2014. However, having considered these points I do not find that the business was required to inform Mr and Mrs R about the free service available.

Overall, I do not find that the business has done anything wrong.

## **my final decision**

My final decision is that I do not uphold this complaint.

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

Jane Archer  
**ombudsman**