

complaint

Ms R complains that House & Home Care Limited, trading as Immediate Financial, mis-sold her a debt settlement program and this has had a detrimental effect on her.

background

In March 2010 Ms R signed up for a debt settlement program with Immediate Financial. She says that she wasn't in financial difficulty or struggling to make payments but simply wanted more free cash at the end of every month. Ms R says that a loan would have been a better option as the scheme she signed up to has meant her credit rating has been ruined.

Immediate Financial didn't agree that the plan had been mis-sold. Unfortunately they no longer had a copy of the original sales call made to Ms R in 2010 but they provided a copy of the contract she signed that described how the scheme would work and they explained that she was given a 14 day cooling off period to reflect on the agreement.

They said that the scripts their agents would have used at the time would have meant Ms R was made aware of:

- alternative debt solutions
- the fact that reduced payments made by the scheme would have an adverse effect on her credit rating
- the fact that creditors may not agree to suspend interest on accounts and
- how the scheme worked including the fact that they'd be making payments of only £1 to all creditors but saving the rest to Ms R's settlement fund.

Our advisor didn't agree that the plan had been mis-sold. She reviewed the details that Ms R had been sent explaining how the plan would work and she noted that it was explained that:

"You give us authority to negotiate with the people you owe money to (creditors) ... You understand that we will stop distributing the full monthly payment to your creditors, often changing the amount to nominal monthly payments ... We will endeavour to settle your debts by making offers to your creditors at a discount to the existing balance..."

So she thought that there was evidence Ms R would have been aware of how the scheme was meant to work. She also noted that the business had provided Ms R with a cooling off period within which she could have cancelled the agreement if she had any regrets and she said it was apparent that, as a result of being on the scheme, discounts of over £1,600 had been achieved. So she didn't think there was evidence Ms R had been disadvantaged as a result of signing up for the plan.

But Ms R didn't agree. She was very disappointed that Immediate Financial had lost the call details and explained that the operator hadn't used a script and hadn't explained she was signing up for a debt settlement program. She said that as a result of participating in the scheme she was now unable to get credit at all and she asked for a decision by an ombudsman.

my findings

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

I know it's not what Ms R wants to hear but I'm afraid I agree with our advisor's view on this complaint. Please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The call recordings from when Ms R set up her debt settlement program are not available. Given the time that has passed I am not surprised by this.

But based on what I have seen I think that Ms R was provided with the information she needed in order to make an informed decision about whether or not to enter into the plan. The letters provided to her clearly explained that Immediate Financial would take over all negotiations with her creditors and that they may make nominal payments against her accounts. They also explained that this may mean that debts were sold to debt collection companies before they could obtain reasonable settlements. I think it's reasonable to take it that in signing the contract it's likely Ms R read, understood and agreed with it. The important details of how the scheme operated weren't hidden away or ambiguous so I don't think Ms R was misled and I also note that she was able to change her mind if she thought best within the 14 day cooling off period.

Ms R says that she wasn't struggling to make payments and just wanted to reduce her monthly outgoings. She's suggested that a loan would have been better for her. But I've seen evidence that the plan she signed up to did provide over £1,600 of savings and I've noted that if Ms R had continued to make the £300 monthly payments she had initially committed to then a further saving would have been made, to a significant creditor, which would have resulted in a discount of a further £2,780. So I'm not persuaded that Ms R has suffered financially as a result of signing up for the plan.

Ms R says that she can no longer obtain credit and this must be extremely frustrating for her. But in the absence of any other evidence it would not be reasonable of me to suggest Immediate Financial did anything wrong here. They told her that their actions may mean that settlements are handed over to debt collection agencies and I think the implications of this to Ms R's credit file were likely to have been clear. They have also explained that the scripts their agents worked to at the time would have required them to discuss the impact on the consumer's credit record. Ms R disputes whether this was actually said but I think regardless of this, the paperwork that she received set out the implications in enough detail.

So overall I'm afraid I haven't enough evidence here to demonstrate that the debt settlement programme Ms R embarked upon was mis-sold to her and I therefore won't be asking Immediate Financial to take any further action.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 21 May 2018.

Phil McMahon
ombudsman