

complaint

Ms B complains about a debt reduction agreement that she took out with NEO Media Solutions Limited, trading as One Debt Solution. She complains that it did not pay money to her creditors as it had agreed to do.

background

Ms B entered into a debt reduction agreement with One Debt Solution in January 2011. She made payments to One Debt Solution but, other than three small amounts, no payments were made to her creditors. She complained to One Debt Solution but was not satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. She concluded that One Debt Solution should refund the amounts paid to it by Ms B, less any payments that had been made to her creditors. She recommended that it should pay interest on that amount and that it should pay her £200 compensation for the distress and inconvenience that she had been caused.

Both Ms B and One Debt Solution accepted the adjudicator's recommendations but One Debt Solution has not made the settlement payments proposed by the adjudicator. Ms B's complaint has now been referred to me so that a final decision can be made.

my findings

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

Both parties accepted the adjudicator's recommendations so I do not consider it to be necessary for me to repeat the circumstances of this complaint or the adjudicator's findings in this decision. However, I do agree with the conclusions that she reached.

Ms B says that all payments to One Debt Solution were made from her bank account. Her bank account statements show that she made seven payments of £150 each, totalling £1,050, to One Debt Solution between April 2011 and March 2012. The evidence available to me shows that One Debt Solution only paid a total of £27.94 to Ms B's creditors.

I therefore consider that One Debt Solution should cancel the agreement and refund £1,022.06 (which is £1,050 less £27.94) to Ms B. I also consider that it should pay interest on that amount and that it should pay her £200 to compensate her for the distress and inconvenience that she has been caused. I consider that to be fair and reasonable in the circumstances.

my final decision

For these reasons, my decision is that I uphold Ms B's complaint. In full and final settlement of it, I order NEO Media Solutions Limited, trading as One Debt Solution, to:

1. Cancel the agreement at no cost to Ms B.
2. Refund £1,022.06 to Ms B.

3. Pay interest on that amount at an annual rate of 8% simple from the date of payment to the date of settlement.
4. Pay £200 to Ms B to compensate her for the distress and inconvenience that she has been caused.

If One Debt Solution deducts tax from the interest element of my award, it should send Ms B a tax deduction certificate when making payment. She can then use that certificate to reclaim the tax if she is entitled to do so.

Jarrold Hastings
ombudsman