

complaint

Miss U and Mr J complain that NEO Media Solutions Limited (trading as One Debt Solution):

- did not explain clearly to them how its debt management plan would operate;
- did not pass on payments to their creditors; and
- after they cancelled their agreement, refused to return the payments they had made to it.

background

Our adjudicator recommended that this complaint should be upheld. He considered that NEO did not provide a clear warning to Miss U and Mr J that their creditors were not obliged to cease applying interest and charges, that the amount of their debts could increase, and that court action and other collection activity could continue.

The agreement with Miss U and Mr J did not clearly explain how NEO proposed to carry out its debt adjustment and claims management activities on their behalf, the difference between those two activities, and the implications of not paying creditors immediately. As a result, he considered that the agreement did not comply in a number of respects with the Guidance on Debt Management issued by the Office of Fair Trading in 2008, and that Miss U and Mr J had entered into the agreement on the basis of misleading information.

The adjudicator recommended that NEO refund to Miss U and Mr J all the payments they had made, with interest, less any sum they had actually passed on to creditors. He also recommended that it pay them compensation of £150 for the distress and inconvenience it had caused them.

Miss U and Mr J, and NEO, accepted the adjudicator's recommendation in May 2013. However, NEO has failed to make any payment to Miss U and Mr J, and so this complaint has been referred to me for a final decision.

my findings

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

As both parties accepted the adjudicator's recommendations, I do not consider it is necessary for me to repeat the full details of the complaint here. For completeness, I will simply say that I agree with the adjudicator's conclusions, and for broadly the same reasons.

The parties agree that Miss U and Mr J paid a total of £550 to NEO. The adjudicator has calculated that NEO paid only £35 to their creditors. I conclude, therefore, that NEO should refund £515 to Miss U and Mr J, with interest from the date they made each payment to NEO until settlement.

I also agree that NEO should compensate Miss U and Mr J for the distress and inconvenience it has caused them. This has increased because after saying it would do so, NEO has failed for over seven months to comply with the adjudicator's recommendation, causing Miss U and Mr J further distress and inconvenience. So I increase the compensation NEO should pay to £200.

my final decision

My final decision is that I uphold this complaint and direct NEO Media Solutions Limited (trading as One Debt Solution) to:

1. pay Miss U and Mr J jointly £515, plus interest on each payment they made to NEO at the annual rate of 8% simple from the date they made the payment to the date of settlement; and
2. pay Miss U and Mr J jointly £200 for distress and inconvenience.

If NEO does not pay this award in full within 28 days of Miss U and Mr J accepting this decision, I direct NEO to pay interest, on the same basis as above, on the £200 compensation from the date of this decision until this complaint has been settled in full.

If NEO considers that it has to deduct tax from the interest element of my award, it should send Miss U and Mr J a tax deduction certificate when making payment, which they can use to reclaim the tax, if they are entitled to do so.

I remind NEO that my decision and award is enforceable through the courts, if Miss U and Mr J accept it.

Lennox Towers
ombudsman