

complaint

Mrs K complains that Harrington Brooks (Accountants) Limited (HB) provided poor service when she took out a debt management plan.

background

Mrs K took out the debt management plan (DMP) in 2014. In June 2016 HB told her one of her debts was paid off. It stopped making payments to that creditor, who I'll call M. This wasn't right as there was still a large balance owed and the account later defaulted. M sent correspondence about the debt to Mrs K when the repayments stopped. But, it used an old address and Mrs K only found out when she was contacted by debt collectors several months later. Mrs K says she asked HB if the debt was definitely clear at the time and HB assured her it was.

HB says it was informed by M that the balance was paid in full. So it wasn't wrong to tell Mrs K that and remove the account from her plan.

Our adjudicator is satisfied HB made a mistake interpreting some information M sent. And it was wrong to tell Mrs K the debt was paid off. He thinks this error is likely to have caused Mrs K some upset and inconvenience. But he's satisfied she didn't lose out financially, as payments into the plan were distributed to other creditors.

He hasn't seen any evidence that Mrs K asked HB to double-check the balance. He listened to a recording of the phone call when HB told Mrs K the balance was clear. And, although she seemed surprised at the news, he's satisfied Mrs K didn't ask HB to ensure the information was correct.

Our adjudicator thinks the matter is likely to have been resolved much sooner if M had used the correct address when it tried to contact Mrs K. He's satisfied it wasn't HB's fault that M wrote to an old address - so it wouldn't be fair to hold HB responsible for everything that happened. And he recommends HB should pay Mrs K £100 compensation for the upset and trouble she experienced as a result of the mistake it made.

HB agrees but Mrs K thinks this is unfair. She feels let down by HB and she would like it to pay more compensation, of about £1,000 – similar to the amount of repayments to M that were missed.

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'm sorry to disappoint Mrs K but I've reached the same conclusions as our adjudicator for much the same reasons.

I understand it must have been shocking for Mrs M to be contacted by debt collectors and find out that the account she'd been told was paid off still had a substantial balance. HB accepts it made a mistake and misinformed Mrs K about the account balance. So the only issue left for me to decide what HB should do to put things right.

I'm not sure there's a great deal I can add to what our adjudicator has said already. Like our adjudicator, I'm satisfied that Mrs K didn't lose out financially as a result of HB's error. I have

no doubt that she's been upset and frustrated by the whole episode. But, I can only hold HB responsible for the consequences of the error it made.

I consider this matter has probably been prolonged by several months because M corresponded with Mrs K at her previous address. If Mrs K had received that correspondence at the time it was sent, I think things could probably have been sorted out fairly quickly. So, the default and referral to debt collectors are likely to have been avoided.

I can't reasonably hold HB liable for the fact M used an old address - or everything that happened after payments to M were stopped. And I agree with our adjudicator that it's fair and reasonable for HB to pay Mrs K £100 compensation for the upset and trouble she's experienced as a result of its mistake. I realise this feels unfair to Mrs K and I understand she'd like me to make a much larger award. But, for the reasons I've explained, I'm satisfied this is a fair outcome, in all of the circumstances.

my final decision

My decision is I uphold this complaint. In full and final settlement, I require Harrington Brooks (Accountants) Limited to pay Mrs K £100 compensation for the upset and inconvenience she experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 30 October 2017.

Claire Jackson
ombudsman