

complaint

Foundation for Credit Counselling, trading as Stepchange, set up a Debt Management Plan (DMP) in May 2016 for Mr and Mrs S. They complain that their DMP erroneously included debts relating to two secured loans. They say that this error had a negative impact on their financial situation, causing them stress, for which they seek compensation.

background

Mr and Mrs S approached a debt advice organisation because they were experiencing financial difficulties. This organisation recommended a DMP as the most appropriate way to deal with their debts – but, as it did not administer DMPs, it referred them (with the information it held about their financial situation) to Stepchange.

Stepchange said:

- The information it received included seven loans identified as unsecured, all of which were included in the DMP.
- Mr and Mrs S had a number of prompts and opportunities to check their information, and to tell Stepchange that two of these loans were secured.
- Its clients were obligated to provide accurate and complete information, and this was confirmed in the DMP agreement signed by Mr and Mrs S.
- During a phone call in early August 2016 about one of these debts, Mrs S mentioned to the Stepchange advisor that the creditor could come and collect the goods later that month – but she did not mention (and the advisor did not ask about) the type of loan agreement.
- During a further phone call in early September 2016 about the same debt, the advisor became aware that this debt related to a secured loan.
- Stepchange did not previously know that the loan was secured, and so this debt should not have been included in the DMP.
- Stepchange was also not aware, until it was told in early November 2016, that Mr and Mrs S had a further loan with another creditor which was also secured – and it could not accept responsibility for any consequences of the debts relating to these two secured loans being included in their DMP.

Mrs S emailed Stepchange in November 2016, saying one of its advisors had admitted that it had erroneously included these loans. Stepchange replied apologising that its advisor had given Mrs S incorrect information.

Mr and Mrs S then referred their complaint to us. Mrs S said that she had spoken with Stepchange at the start of their DMP, and told it about the two secured loans.

Our adjudicator listened to the recordings of calls between Mrs S and Stepchange, and said she did not hear mention of these loans. Our adjudicator thought Mr and Mrs S may have told the debt advice organisation they initially approached, and that organisation may not have recorded the information correctly – but Stepchange could not be held responsible for such an error.

Our adjudicator also thought that Mr and Mrs S had enough opportunities to tell Stepchange about the secured loans. But she thought as well that Stepchange, during its August 2016 phone call with Mrs S, could reasonably have asked questions about the status of the loan being discussed. And, when a secured loan was identified during Stepchange's September 2016 phone call with Mrs S, it could reasonably have checked whether there were any more secured loans.

As a result, our adjudicator suggested that Stepchange should make a £50 compensation payment. Stepchange acknowledged that it could have done more, and agreed to offer to pay £50 into Mr and Mrs S's DMP. Our adjudicator recommended this offer to Mr and Mrs S.

Mr and Mrs S did not accept the offer, and asked for their complaint to be reviewed 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. Where evidence is incomplete, inconsistent or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

Mr and Mrs S say that they told Stepchange in May 2016 about their secured loans, that it made errors when the loans were included in their DMP, and their financial difficulties have been made worse as a result. But Stepchange says that clients are responsible for providing accurate information, that the information it received in May 2016 did not identify any secured loans, and that it cannot accept responsibility for the consequences of inaccurate information.

On balance, and in the absence of evidence that Stepchange knew before August/September 2016 that two loans were secured, I am unable to find that it acted in error by including the debts relating to these loans in Mr and Mrs S's DMP.

But Stepchange accepts that it could have done more in August/September 2016 to double-check the status of Mr and Mrs S's loans. In these circumstances, I find the settlement offer made by Stepchange to be fair and reasonable.

And so I have come to the same conclusions as our adjudicator, for similar reasons.

my final decision

For the reasons explained above, my decision is that Foundation for Credit Counselling, trading as Stepchange, should pay compensation of £50 to Mr and Mrs S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 12 June 2017.

Roy Mawford
ombudsman