

complaint

Miss H complains about the monthly fee taken by Moneyplus Group Limited. She wants the fee refunded.

background

The background to this complaint and my initial conclusions, were set out in my provisional decision dated 2 August 2016; a copy of this is attached and forms part of this final decision. I explained why I felt Miss H's complaint should be upheld and what should happen to resolve it. I invited further comments from both parties before I reconsider the complaint and issue my final decision.

Miss H was happy to accept the provisional decision and she clarified that her reduced payments started in March 2013.

Moneyplus was not prepared to accept the original decision. It says in summary that the terms and conditions were sent to Miss H which clearly sets out the monthly fee. Miss H signed the letter of authority accepting the terms and conditions and its adviser told her about the fee when the plan was initially set up. Moneyplus questioned why Miss F thought all charges would end just because her repayments were less. Its charges are just under the FCA threshold for what is deemed fair and reasonable Moneyplus maintain charges were fair and in a previous decision this service found its terms in relation to the debt management plan were clear.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I have come to the same overall conclusions as set out in my provisional decision, for what are broadly the same reasons.

I considered the terms and conditions and had already taken this information into account when reaching my provisional decision. When she reduced her monthly payments to £62, there was still no mention of the monthly fee in the telephone call. Although she received terms and conditions, the terms relating to payment were not clear. There was no annual statement setting out the charges. She only received this in 2016 after she cancelled her plan. Prior to this she received generic statements which did not detail the charges to Moneyplus.

In my provisional decision, I agreed with the adjudicator about the advice she was given and also that initially she was aware of the charge. But when her repayments reduced, she was not provided with sufficient information.

I note that Moneyplus has drawn my attention to a previous decision by this service. But we are not bound by other decisions and make decisions on the facts of each case and what is fair and reasonable. In this case I find the terms were not clear when she reduced her repayments and further information and an annual clear statement should have been provided. I also note that the fee charged was within the FCA threshold. Notwithstanding this, we base our decisions on what is fair and reasonable. In this case I have found that Miss H was not given sufficient information about the charge, it was therefore not fair and reasonable for her to be charged the monthly fee. If she had been aware that half her

payments were going to the debt management company, I accept what she says which is she would have cancelled her arrangement with Moneyplus. As soon as she found out what she was paying she cancelled it.

my final decision

My final decision is that I uphold my complaint and order Moneyplus Group Limited to;

- Refund £30 monthly repayments from 1st March 2013 until the date her debt management plan ended.
- Pay Miss H £100 compensation for injury to feelings.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 3 November 2016.

Clare Hockney
ombudsman

complaint

Miss H complains about the monthly fee taken by Moneyplus Group Limited. She wants the fee refunded.

background

Miss H got into debt and entered into a debt arrangement plan with Moneyplus around July 2011. At this time she was paying £155 a month to her creditors and agreed to pay Moneyplus £35 a month to administer her plan. In 2013 she couldn't manage £155 a month and reduced her monthly payments to £62. Her mother recently offered her £1,000 to pay off her debts. When she spoke to a creditor she discovered that nearly half her payments had been going to Moneyplus. Miss H says she didn't realise this. She wants this money back. She also complains that she was told she would be able to clear her debts in five years and this was not the case.

The adjudicator did not uphold the complaint. She said Miss H was informed about the charge in the initial call in 2011 and in 2013 the literature referred to the minimum charge for its service and she signed to say she accepted the terms and conditions. The Moneyplus advisor provided a reasonable estimate of when she would be debt free, but this was based on her paying £155 a month, when she reduced her payments it was reasonable to assume she would realise it would take longer to pay off her debts.

Miss H was unhappy with this response, she said the charge was not explained in 2013, and was not noted in her annual statements. She says the annual information was generic with no details of creditors, amounts paid or the charge. If she had known about the charge she would have gone to a free debt charity for help.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I am considering departing substantially from the adjudicator's conclusions.

In 2011, Miss H was informed about the £35 monthly fee. This was not unreasonable at this time as she was paying off £155 a month and accepts that because she was so desperate to clear her debts she agreed to this charge. My provisional finding is that from 2011 until she reduced her payments in 2013 she was aware of the Moneyplus charge, she agreed to it and bearing in mind what she was paying to her creditors, it was not unreasonable,

In 2013, she changed her payment, to only £62 a month. In her telephone call to Moneyplus there is no mention of the fee, and although she was sent a document to sign confirming she had read the terms and conditions (which note that Moneyplus's minimum fee is £30 for payments between £0-100) my provisional finding is this was not clear. In April 2016, Miss H was provided with a detailed annual statement showing the management fee and payments to creditors. This only appears to have been provided after she complained and cancelled her plan. If Miss H had been provided with such a statement each year, then the amounts going to creditors and Moneyplus would have been clear. It appears that Miss H was only provided with an annual statement that was generic and contained no specific details about creditor payments or charges. I have not seen a copy of the actual statements sent and understand that Miss H did not keep them. If Moneyplus can produce

the actual statements sent these can be considered in the final decision. From the information available, on balance, I accept that Miss H was sent generic statements which did not contain details of the management charge. She only got this information after she complained and closed her account.

I accept that Miss H did not know what she was being charged and was only provided with minimal unclear information each year. Her evidence is credible and I accept that if she had known Moneyplus were taking nearly half the payment as its charge she would not have used its services. She only became aware of the £30 fee when one of her creditors advised her of this fact. I accept this is what happened.

In 2013 there was no maximum amount that a debt management company could charge; but we decide our cases on what is fair and reasonable. I find it was not fair and reasonable for Moneyplus to charge £30 a month out of £62 for the reasons set out above.

I agree with the adjudicator about the advice she was given in respect of paying off her debts. The original timescale put forward was reasonable, and once the payment plan reduced it was not unreasonable for Miss H to be aware that it would take her longer to pay off her debts.

My provisional decision is that Moneyplus Group Limited should refund the £30 monthly payment from when she reduced her payments to £62 a month until the date she terminated her debt management programme in 2016. The exact date the £30 payment started is unclear from the statements or documents provided and both parties are asked to provide this information for the final decision.

In addition Miss H has suffered distress and inconvenience and I think £100 compensation is reasonable for distress and inconvenience suffered.

my provisional decision

My provisional decision is that I uphold this complaint in part and require Moneyplus Group Limited to;

- refund £30 monthly payments from 2013 until the date her debt management plan ended. (both parties to provide evidence of when the reduced payments started)

- pay Miss H £100 compensation for injury to feelings.

Clare Hockney
Ombudsman