

complaint

Mr O complains Sterling Financial Security Ltd handled his debt management plan badly

background

In 2012 Mr O asked Sterling Financial Security (trading as “Best Solutions”) to help with a debt management plan. Best Solutions agreed to do so.

Mr O says he had a number of problems with Best Solutions. He says it didn’t send him any statements until 2014 – so he couldn’t keep track of his payments – and that he found out it had moved him onto a debt reduction plan without his consent when he started getting a lot of contact from his creditors. He says he found also out it had missed payments to his creditors when he finally received statements. Mr O complained to Best Solutions.

Best Solutions investigated Mr O’s complaints and accepted there had been some problems with his debt management plan. It offered to pay him £120 which it said it owed him and to reduce its fees going forwards. Mr O was unhappy with this response saying he wanted the surplus he had paid refunding.

Our adjudicator recommended that this complaint be upheld and that Best Solutions should refund the missed payments and incomplete payments having first taken into account back payments made to Mr O’s creditors. Our adjudicator considered £656 was due back to Mr O. She also recommended £400 in compensation for the distress Best Solutions had caused. Best Solutions didn’t respond to our adjudicator’s recommendations. So I was asked to make a final decision.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Best Solutions accepted that it had missed six months’ worth of payments – in other words, a total of £720’s worth of payments. Best Solutions also accepted that it made token payments of £1 rather than £120 for two months. Best Solutions made these token payments having moved Mr O onto a debt reduction plan. I’m satisfied that this was done without Mr O’s authority. I agree with our adjudicator, therefore, that Best Solutions ought not to be able to claim its fee for those two months. It follows that I agree with our adjudicator that Mr O is owed £958 for missed and incomplete payments.

Best Solutions says that it made backdated payments to Mr O’s creditors once the errors came to light. Mr O didn’t agree that this was the case given the statement he was originally sent. This statement was updated to show what Best Solutions says were the backdated payments. Having considered these statements, along with information from Mr O’s creditors, I’m satisfied Best Solutions have made £302 in backdated payments. It follows that Best Solutions owes Mr O £656.

I’m satisfied that Best Solutions hasn’t handled Mr O’s debt management plan well. He didn’t receive statements for over two years, despite repeatedly asking for them, and received far more correspondence from his creditors than he should have done as a

result of Best Solutions moving him onto a debt reduction plan without his authority. This has clearly made the difficult situation Mr O was in with his debts far worse. I'm, therefore, also going to require Best Solutions to pay Mr O £400 in compensation for the additional distress it has caused.

my final decision

My final decision is that I require Sterling Financial Security Ltd to refund £656 to Mr O and pay him £400 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 September 2015.

Nicolas Atkinson
ombudsman