

## **complaint**

Ms H's complaint is about the way in which 123 Debt Solutions Ltd (123) administered a debt management plan (DMP) on her behalf.

The complaint is brought by a claims management company on Ms H's behalf.

## **background**

Ms H entered into a DMP with 123 in June 2012, following an initial review of her circumstances the previous month.

123 carried out vulnerability reviews on Ms H twice in October 2014 and once in February 2016. They also undertook a full financial review of her account in May 2015.

In March 2016 Ms H entered into an Individual Voluntary Arrangement (IVA) with another company. She's since complained to 123 about the DMP. She feels that 123 didn't complete regular reviews, that she wasn't made aware of the full range of debt management solutions available and that she wasn't told she could get a similar service free of charge elsewhere.

Our investigator didn't think Ms H's complaint should be upheld. She concluded that 123 wasn't obliged to tell her about free services at the time she took the DMP and that the DMP itself wasn't unsuitable for her needs and circumstances. She also thought that although 123 could've conducted more regular financial reviews, they were in regular contact with Ms H and there was nothing to suggest Ms H would've done anything differently, if more regular reviews had been conducted.

## **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 don't think Ms H's complaint should be upheld. I'll explain why.

Ms H has said that she wasn't made aware of the full range of debt management services available to her and had she done so, she might have chosen to enter into an IVA. 123 has said that during the review Ms H didn't express any appetite to pursue any solution other than a DMP. They also say that despite this, they explained the other solutions available to her as a matter of process.

Ms H took the DMP following a full review of her circumstances. I've looked at the questionnaire Ms H completed at the time. It contained the following question:

*"Do you feel that another solution such as an IVA, Bankruptcy or a Debt Relief Order would have been more suitable products for you?"*

Ms H answered no to this question. The DMP doesn't appear to have been unsuitable to her needs, based on her circumstances at the time; Ms H said she only had two creditors and the debt wasn't significant. So in the absence of anything to show that she wanted another solution, I don't think I can say that the DMP wasn't right for her.

I understand that Ms H is unhappy that she had other debts outside of the DMP, which weren't included in the DMP by 123. But I don't think this means that 123 did something

wrong. The obligation was on Ms H to disclose all of her debts when she took out the DMP and during the course of it. I can see from the contact notes 123 has provided that these debts were brought to their attention by Ms H in June 2014. When this happened 123 offered to add them to her DMP but Ms H refused. The matter was discussed again during a full review in May 2015. Ms H refused for them to be added once more. Because of this I don't think that 123 acted unreasonably.

Ms H is also unhappy that she wasn't told she could get a similar service free of charge elsewhere. Before 1 April 2014, the provider of a DMP wasn't obliged to refer a customer to the availability of not-for-profit advice and services in every case. Relevant guidance<sup>1</sup> at that time, issued by the Office of Fair Trading (OFT), said that a referral to free debt advice should be made where appropriate to do so (Clauses 2.5d and 3.23g of the guidance). The OFT guidance said that this would be the case if there were priority debts and/or an immediate emergency, or if the debtor didn't have enough disposable income to afford the fees and their monthly plan payments. In the circumstances of this case, I don't think there was an obligation on 123 to tell Ms H about such services. Despite this DMP did draw the availability of free services to Ms H's attention in May 2015 when it read her the following statement during a phone call:

*"Free debt counselling, debt adjusting and the provision of credit information services are available to you, and you can find out more by contacting the Money Advice Service."*

So I think 123 did more than it was obliged to.

Finally I understand that Ms H feels regular reviews weren't conducted by 123. I agree with this. It appears that only one review took place in May 2015. But having reviewed the contact notes I can see that 123 were in very regular contact with Ms H to check whether she was experiencing any problems or needed any assistance. On two occasions Ms H confirmed she was happy with 123 and felt they'd been helpful during the life of the DMP. I appreciate that Ms H went on to enter into an IVA. But I don't think this means she would've done so earlier had more regular reviews been conducted by 123. And given Ms H's decision not to add additional debts to the DMP in June 2014 and again in May 2015, I don't think it's likely she would've done anything differently had more regular reviews been conducted.

### **my final decision**

For the reasons set out above, I don't uphold Ms H's complaint against 123 Debt Solutions Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 12 January 2017.

Lâle Hussein-Doru  
**ombudsman**

---

<sup>1</sup> Debt Management (and Credit Repair Services) Guidance – March 2012 – Office of Fair Trading