

complaint

Mr D complains about a debt reduction agreement that he took out with NEO Media Solutions Limited, trading as One Debt Solutions. He complains that it did not pay money to his creditors as it had agreed to do, that it did not respond to his letters and that it did not return his documents to him.

background

Mr D entered into a debt reduction agreement with One Debt Solutions. He made two payments to One Debt Solutions but no money was paid to his creditors. He complained to One Debt Solutions asking for a refund of his payments and the return of his documents. He did not receive a response so complained to this service.

The adjudicator recommended that this complaint should be upheld. She concluded that the agreement did not comply with the Office of Fair Trading's guidance about debt management issued in September 2008. In particular, she concluded that the agreement did not make clear the difference between One Debt Solutions' debt management activities and its claims management activities and did not make clear the total costs of the agreement. She also concluded that One Debt Solutions did not respond to Mr D's cancellation of the agreement in July 2012 and his subsequent letters to it. She recommended that One Debt Solutions should refund the payments totalling £400 made to it by Mr D. She also recommended that it should pay interest on that amount and that it should pay £250 to Mr D to compensate him for the distress and inconvenience that he had been caused.

One Debt Solutions has not responded to the adjudicator's recommendations.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

One Debt Solutions was to provide claims management and debt management services to Mr D. I do not consider that the agreement is as clear as it should be about the differences between the two services or the amounts that would be charged by One Debt Solutions for those services.

Mr D paid £200 to One Debt Solutions in each of June and July £200 but no payments were made to his creditors. Mr D phoned One Debt Solutions at the end of July 2012 and he says that it agreed to cancel the agreement, to return his documents and to refund the payments he had made. He confirmed this in writing to One Debt Solutions but did not receive a response. He phoned One Debt Solutions again at the beginning of August 2012 and wrote further letters to it. One Debt Solutions did not respond to those letters until this service became involved. It then wrote a final response letter to him at the beginning of November 2012 and said that he was not entitled to a refund of the fees that he had paid.

I consider that the agreement was not properly explained to Mr D and that it, and One Debt Solutions' actions under it, did not comply with the relevant guidance. I therefore consider that it would be fair and reasonable for One Debt Solutions to cancel the agreement and to refund to Mr D the £400 that he paid to it, with interest. Mr D will undoubtedly have been caused distress and inconvenience by these events, and particularly by One Debt Solutions' failure to respond to his letters and phone calls and its failure - for more than three months -

to return his documents to him despite repeated requests for it to do so. He says that the failure to return his documents to him prevented him from corresponding with his creditors and caused him further distress and inconvenience. I therefore consider that it would be fair and reasonable for it to pay £250 to Mr D to compensate him for the distress and inconvenience that he has been caused.

my final decision

For these reasons, my decision is that I uphold Mr D's complaint. In full and final settlement of it, I order NEO Media Solutions Limited, trading as One Debt Solutions, to:

1. Cancel the agreement at no cost to Mr D.
2. Refund £400 to Mr D.
3. Pay interest on that amount at an annual rate of 8% simple from the date of payment to the date of settlement.
4. Pay £250 to Mr D to compensate him for the distress and inconvenience that he has been caused.

If One Debt Solutions deducts tax from the interest element of my award, it should send Mr D a tax deduction certificate when making payment. He can then use that certificate to reclaim the tax if he is entitled to do so.

Jarrold Hastings
ombudsman