

## **complaint**

Ms Z complains about a debt reduction agreement that she took out with NEO Media Solutions Limited, trading as One Debt Solution. She complains that it did not pay money to her creditors as it had agreed to do.

## **background**

Ms Z entered into a debt reduction agreement with One Debt Solution in November 2011. She made payments totalling £5,110 to One Debt Solution but only £6 was paid to her creditors. She complained to One Debt Solution but was not satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. He concluded that One Debt Solution had not acted in Ms Z's best interests and that the agreement did not comply with the Office of Fair Trading's guidance about debt management issued in September 2008. In particular, he concluded that One Debt Solution did not differentiate between the claims management services and debt adjusting services that were to be provided and it did not ensure that Ms Z was fully aware of the potential consequences of the agreement. He recommended that One Debt Solution should refund the payments made to it by Ms Z, less any payments made to her creditors under the agreement. He also recommended that it should pay interest on that amount and that it should pay £150 to Ms Z to compensate her for the distress and inconvenience that she had been caused.

One Debt Solution 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 Solution was to provide claims management and debt management services to Ms Z. 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 Solution for those services. I therefore consider that the agreement did not comply with the Office of Fair Trading's guidance. Ms Z paid a total of £5,110 to One Debt Solution but the evidence available to me shows that it only paid £6 to her creditors.

I therefore consider that it would be fair and reasonable for One Debt Solution to cancel the agreement and to refund to Ms Z £5,104 (which is £5,110 less £6) with interest. Ms Z will undoubtedly have been caused distress and inconvenience by these events and I consider that it would be fair and reasonable for it to pay £150 to her to compensate her for that distress and inconvenience.

## **my final decision**

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

1. Cancel the agreement at no cost to Ms Z.
2. Refund £5,104 to Ms Z.

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 £150 to Ms Z to compensate her for the distress and inconvenience that she has been caused.

If One Debt Solution deducts tax from the interest element of my award, it should send Ms Z a tax deduction certificate when making payment. She can then use that certificate to reclaim the tax if she is entitled to do so.

Jarrold Hastings  
**ombudsman**