

## **complaint**

Ms V 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 V entered into a debt reduction agreement with One Debt Solution. She made payments totalling £2,200 to One Debt Solution but only £50.74 was paid to her creditors. She complained to One Debt Solution but 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 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 V was fully aware of the potential consequences of the agreement. She also concluded that it had not responded to Ms V's complaint and request for information promptly and fairly, as it was obliged to do. She recommended that One Debt Solution should refund £2,149.26 to Ms V, with interest, and that it should pay her £200 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.

Neither Ms V nor One Debt Solution has been able to provide a copy of the agreement. However, on the basis of the evidence available, I consider it to be more likely than not that: One Debt Solution was to provide claims management and debt management services to Ms V; and that the agreement would not have been as clear as it should have been about the differences between the two services or the amounts that would be charged by One Debt Solution for those services. I therefore consider it to be more likely than not that the agreement did not comply with the Office of Fair Trading's guidance. I am satisfied that One Debt Solution did not respond to Ms V's complaint, despite being required to do so. The evidence available to me shows that Ms V paid a total of £2,200 to One Debt Solution but that it only paid £50.74 to her creditors.

I therefore consider that it would be fair and reasonable for One Debt Solution to cancel the agreement and to refund £2,149.26 (which is £2,200 less £50.74) to Ms V, with interest. Ms V will undoubtedly have been caused distress and inconvenience by these events and I consider that it would be fair and reasonable for One Debt Solution to pay £200 to her to compensate her for that distress and inconvenience.

## **my final decision**

For these reasons, my decision is that I uphold Ms V'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 V.
2. Refund £2,149.26 to Ms V.
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 £200 to Ms V 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 V 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**