

## **complaint**

Mr W complains that Sterling Financial Security Ltd trading as Best Solutions has handled his debt management plan poorly. This has mean he's now in more debt than when he started the plan.

## **background**

In 2010 Mr W started a debt management plan with Best Solutions. He paid them a monthly payment. After they took their monthly fee of £30 they handed out the remaining money to the five companies he owed money to – his 'creditors'. He said he was happy with the plan until 2012.

In 2012 Best Solutions put Mr W on to a 'debt reduction' plan. And from this point they reduced the payments to his creditors sharply, and increased their fee to £90 a month. Mr W said he understood Best Solutions were going to check for payment protection insurance on his accounts. But he didn't know about or agree the higher fee. He complained.

Our adjudicator didn't think Best Solutions had explained the debt reduction plan properly to Mr W, or the consequences of reducing the payments to his creditors. If they had explained this and the higher monthly fee, she thought he wouldn't have agreed to the plan. So she said they should refund him the payments he'd made to them from August 2012 to March 2015, less the money they'd passed on to his creditors.

Best Solutions didn't respond, so the complaint's been passed to me for 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.

I can see that Best Solutions is aware of this complaint, even though they haven't responded to the adjudicator. Mr W has sent us some of their emails and letters to him, after he complained. And having looked at everything I agree with the adjudicator's conclusions.

Best Solutions accept they received £100 a month from Mr W in the period from August 2012 to March 2015 (32 months). In August 2012 they also increased their monthly fee to £90. And they paid his creditors only £1 a month each (so £5 a month in total). According to Best Solutions' own spreadsheet, there were a few months when they didn't make any payments to Mr W's creditors.

Mr W says he wasn't told about the increased fee of £90, or the consequences for his overall debts. I accept this. I think that had he been told about this he wouldn't have agreed to the new plan. And I haven't seen anything to suggest Best Solutions kept Mr W informed about what they were doing.

So I think a fair outcome is for Best Solutions to refund Mr W the money he paid them from August 2012 to March 2015, less the payments they passed on to his creditors. Best Solutions should pay Mr W interest on the refund as set out below.

Mr W entered into the debt management plan to ease his financial situation. Instead, he's found his overall situation is now worse. I think this caused him unnecessary and

considerable inconvenience, frustration and worry. I think Best Solutions should pay him some compensation for this. I think £250 is fair and reasonable.

**my final decision**

My decision is that I uphold this complaint. I order Sterling Financial Security Ltd trading as Best Solutions to:

- refund to Mr W £3,080 representing the 32 payments of £100 he made to them between August 2012 and March 2015, less the payments they made to his creditors of £120; and
- add interest to the payments Mr W paid to them between August 2012 and March 2015 at the simple annual rate of 8% from the date he made each payment to the date of settlement. If they deduct tax from this interest element of my award they should also send Mr W a tax deduction certificate when they pay him; and
- pay Mr W £250 for the inconvenience, frustration and worry they caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 October 2015.

Amanda Maycock  
**ombudsman**