

complaint

Miss D and her representative are unhappy about the advice she was given by Foundation for Credit Counselling (trading as Consumer Credit Counselling Service) ("CCCS") to enter into a debt management plan. They say it was mis-sold to her and wasn't the appropriate solution for her situation. She'd have been better off becoming bankrupt. She wants compensation and to be put back in the position she would've been in if she hadn't entered into the plan.

background

Our adjudicator felt this complaint shouldn't be upheld. She said:

- Miss D entered into the debt management plan in August 2010. She'd been given recommendations of two possible solutions to her financial situation. A debt management plan or bankruptcy.
- Miss D applied for the plan online and CCCS provided information on both the plan and bankruptcy on its website. Miss D would've had enough information available to her to make an informed decision about whether or not the plan was suitable for her. She then chose to enter the plan.
- Miss D says she thought the interest and charges on her accounts would be frozen when she entered the debt management plan and her creditors wouldn't contact her directly. But a leaflet with the welcome pack clearly said creditors were still entitled to demand full payments and apply interest and charges. And some may still contact her. The plan didn't alter the terms of the legal agreements she'd entered into.

Miss D's representative doesn't agree and has asked for an ombudsman review. In summary it says it's gone onto the website and it now suggests personal insolvency is the best option for Miss D. Assuming the same software was in use when Miss D was on the site it may've recommended the plan as the best option ahead of bankruptcy as the plan would pay off her debts in 7.5 years. But this isn't the same as the customer being presented with both options being equally weighted and making her own decision. Miss D yielded to CCCS's supposedly superior knowledge of debt solutions and chose to enter the plan. Its assumptions as to what is best aren't right in every situation.

The adjudicator responded that there was ample information on the website about both options to allow Miss D to make a decision. She'd a responsibility to understand what she was entering into. She should've taken the time to review her options. Ultimately, however information is presented, it was Miss D's choice to enter the plan. It's not CCCS's fault if she didn't read through or understand both options.

Miss D's representative has asked for an ombudsman review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Some of the evidence in this case is incomplete, inconclusive or contradictory. So, I've made my decision based on what I think is more likely to have happened than not.

I agree with the adjudicator's conclusions for the same reasons. On balance I don't think the debt management plan was mis-sold to Miss D as is suggested. I think appropriate information about both bankruptcy and the debt management plan was available to her on the CCCS website and in the documentation it sent to her. I think this information reasonably advised of her options and what each option entailed.

Taking everything into account I don't think I can fairly or reasonably require a payment of compensation to Miss D as she'd like.

Overall, I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 30 December 2016.

Stephen Cooper
ombudsman