

## **complaint**

Mr B, represented by a claims management company (CMC), complains that his financial management plan (FMP) managed by Harrington Brooks (Accountants) Limited (the business) was mis-sold.

## **background**

Mr B entered into a FMP in 2011. He says that he was not made aware that his creditors could continue to apply interest and charges while the FMP was in place. He also says that the business did not tell him about the free debt services available. He says if he had known that there were free debt services available he would not have agreed to his FMP.

The business says that Mr B originally took out his FMP with another company and that following the initial set up it was passed to it to be managed. It says that it had a welcome call with Mr B in August 2011 on which Mr B was told how to handle any creditor contact and the fee structure was explained. On this call it says Mr B confirmed he had read the terms and conditions. The business says that the terms and conditions set out that it would attempt to get creditors to freeze interest and charges but that creditors were not obliged to do this. It says Mr B then signed the Letter of Authority confirming he agreed with the terms and conditions.

The business says that when Mr B entered into his FMP the guidance did not require it to inform Mr B that there were similar services available for free as he was able to afford his FMP. It says that a review was conducted with Mr B in January 2015 on which he was given details of how to access his online portal. It says that by logging on to this Mr B would have been able to access the information about the free services available.

The adjudicator did not uphold this complaint. She said that Mr B acknowledged in a welcome call that he had read and understood the terms and conditions and that these included information about creditors not being obliged to freeze interest and late payment charges.

In regard to informing Mr B of the free debt services available, the adjudicator said that the regulations requiring the business to inform customers of the free debt services available were introduced in April 2014. Mr B entered into his FMP in 2011 when this obligation was not in place.

The CMC said that the business should have let Mr B know about the availability of free debt services in its first contact with him after the April 2014 regulations were introduced.

## **my findings**

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

Mr B entered into a FMP in 2011. This was set up by another company and then transferred to the business to be managed. I have looked through the information provided and I can't see that Mr B raised any concerns with the business when setting up the FMP or following its set up.

The CMC has raised two concerns on Mr B's behalf. These were that Mr B was not told that his creditors could continue to apply interest and charges to his account. Secondly, that Mr B was not told about the availability of similar services for free.

In regard to creditors continuing to apply interest and charges, the terms and conditions set out that creditors are not obligated to freeze interest and charges. Mr B entered into the FMP and agreed to its terms and conditions. I find that Mr B was given the information he needed in regard to creditor action and that he decided to go ahead with the FMP.

The CMC said that Mr B would not have gone ahead with the FMP with the business if he had been aware of the free debt services available. Mr B entered into his FMP in 2011. I understand the business' comments about the legislation and guidance in place at that time, but I find that this did not require the business to inform Mr B of the free debt services available.

The CMC has noted subsequent guidance that came out while Mr B's FMP was in place. It has specifically noted the obligations on debt management companies introduced in April 2014. This does require a business to let customers know about free debt services available in the first written or oral communication. However, Mr B's FMP was in place before April 2014 and so the first communication had happened prior to that date.

I note the CMC's comments made about letting Mr B know about the free debt services available after April 2014. The business has provided a copy of a communication sent to its customers regarding the online portal. It has said that this provides information about the free debt services available. I note the online portal was also raised in a review with Mr B in January 2015. Mr B continued with his FMP after this date which suggests he was happy with the FMP.

Overall I do not find that the business has done anything wrong. Because of this I do not uphold this complaint.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 February 2017.

Jane Archer  
**ombudsman**