

complaint

Mrs F complains about a debt reduction agreement that she took out with NEO Media Solutions Limited, trading as One Debt Solutions. She complains that it did not deal with her creditors promptly and did not respond to her concerns satisfactorily.

background

Mrs F entered into a debt reduction agreement with One Debt Solutions in February 2011. She made payments totalling £1,500 to One Debt Solutions but only £22.46 was paid to her creditors. She asked One Debt Solutions to cancel her agreement but she was not satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. He concluded 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 Solutions did not differentiate between the claims management services and debt adjusting services that were to be provided and it did not ensure that Mrs F was fully aware of the potential consequences of the agreement. He also concluded that it had failed to communicate with Mrs F clearly or to deal with her concerns satisfactorily. He recommended that One Debt Solutions should refund the payments made to it by Mrs F, 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 £200 to Mrs F to compensate her for the distress and inconvenience that she had been caused.

One Debt Solutions 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 Solutions was to provide claims management and debt management services to Mrs F. 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 Solutions for those services. I therefore consider that the agreement did not comply with the Office of Fair Trading's guidance. I also consider that One Debt Solutions did not deal with Mrs F's creditors properly or adequately communicate with her. Mrs F paid a total of £1,500 to One Debt Solutions between March 2011 and January 2012 but the evidence available to me shows that it only paid £22.46 to her creditors.

I therefore consider that it would be fair and reasonable for One Debt Solutions to cancel the agreement and to refund to Mrs F £1,477.54 (which is £1,500 less £22.46) with interest. Mrs F 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 £200 to her to compensate her for that distress and inconvenience.

my final decision

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

1. Cancel the agreement at no cost to Mrs F.
2. Refund £1,477.54 to Mrs F.
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 Mrs F to compensate her for the distress and inconvenience that she has been caused.

If One Debt Solutions deducts tax from the interest element of my award, it should send Mrs F 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