

## **complaint**

Mrs D, represented by a claims management company (CMC), complains that Harrington Brooks (Accountants) Limited (the business) mis-sold her a debt management plan (DMP). She also complains that her DMP was not managed correctly.

## **background**

Mrs D entered into a DMP with the business in 2013.

Mrs D says she was not made aware of the fees she would be charged in the DMP and that creditors could continue to apply interest and charges to her accounts and continue with recovery action. She says she was not told of the impact the DMP would have on her credit file.

Mrs D also complains that reviews of her DMP were not undertaken and the distributions to her creditors were not made frequently.

The final aspect of Mrs D's complaint regards the availability of free debt services. She says the business did not make her aware of these when she was considering entering into the DMP.

The business says that Mrs D applied for her DMP online with another company. Her application was then transferred to the business and it says its first contact with Mrs D was in October 2013 when a welcome call took place. It says that the DMP was explained to Mrs D at that time.

The business says that there was no set up fee and that Mrs D was told about the monthly management fee during the welcome call. It says that she was also told about the impact on her credit file and that creditors may continue to apply interest and charges while the DMP was active.

The business says that the distributions were made to Mrs D's creditors and that reviews were carried out at regular intervals until the DMP was closed in June 2015.

The adjudicator did not uphold this complaint. He said that on the welcome call Mrs D confirmed she had received and read the welcome pack. She also confirmed that she was aware of and happy with the charges. Mrs D was also told that the business would ask creditors to freeze interest and charges and that recovery action could continue.

The adjudicator said that relevant guidance in place when Mrs D entered into her DMP said that where appropriate customers should be advised of the free debt services.

In regard to distributions the adjudicator said he had not received any evidence to show these were not made frequently.

The CMC said that although the welcome call covered a number of the issues Mrs D had raised, further consideration was required in regard to her not being made aware of the free debt services available.

The CMC said that the 2012 Office of Fair Trading (OFT) guidance required debt management companies to refer customers to the free debt services available where

appropriate. However it said that there was a broader expectation that the debt management companies should have signposted customers to the free debt services. It said that there was a requirement to inform customers of all options available.

### **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 have looked at the terms and conditions for the DMP Mrs D entered into and these clearly set out the fees. The terms also state that creditors are not obliged to agree to freeze or reduce interest or charges and that creditors may continue with recovery action.

I have listened to the welcome call on which Mrs D confirms she has received the information she needs and that she is happy with the fees.

Based on this I find that Mrs D was provided with the information she needed in regard to the fees and the actions of her creditors.

In regard to the management of the DMP, I have seen a statement which shows regular payments being made to Mrs D's creditors after receipt of her payment. Mrs D has not provided any evidence to support that distributions were not made. Based on what I have seen, I find that the distributions were made frequently.

The business has confirmed that reviews took place. I have looked at the business' system notes and can see that they kept in touch with Mrs D and there is mention of reviews during 2014.

Overall I find that DMP was managed correctly.

The final issue relates to the business not providing Mrs D with information about the free debt services available. I have looked at the guidance in place when Mrs D entered into her DMP and considered the CMC's comments about this. However, I find that the guidance states that where appropriate customers should be advised of not-for-profit organisations. Based on the information I have seen regarding Mrs D's situation, I do not find that the business did anything wrong by not referring her to the free debt services.

The information provided shows that Mrs D was made aware of the features of the DMP and its cost. Based on this I do not find that the business has done anything wrong.

### **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 Mrs D to accept or reject my decision before 31 October 2016.

Jane Archer  
**ombudsman**