

complaint

Mr and Mrs P have complained Lawrence Charlton Limited, trading as Promise Debt Solutions, didn't give them proper advice about the best action for them to manage their debts.

background

Mr and Mrs P had debts of more than £20,000. They went to a company offering debt management plans. They specifically asked whether an individual voluntary arrangement (IVA) would be best for them. They were told not because their proposed monthly payments would mean they could pay their debts off in a shorter period of time than an IVA would last.

They entered into a debt management plan in February 2011. They paid £420 a month which was shared amongst their 11 creditors. They were charged 11% fees as their terms and conditions said. Their plan was bought up by Promise Debt Solutions who took over management in June 2011. Mr and Mrs P also added another debt to their list of creditors: this was for more than £20,000.

In August 2012 Mr and Mrs P did enter an IVA. They complained to Promise Debt Solutions they'd never been given the right advice. They were also concerned they'd paid out so much money and their debt had never gone down. As they were unhappy with what Promise Debt Solutions said, Mr and Mrs P brought their complaint to the ombudsman service.

Our adjudicator investigated the complaint. This included looking at account statements. She felt these showed Promise Debt Solutions had paid out the money to the creditors as they should. She also didn't think it was fair to hold Promise Debt Solutions liable for advice in 2011 as they'd not provided it.

Mr and Mrs P felt this outcome wasn't fair and have asked an ombudsman to review their complaint.

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'm satisfied Promise Debt Solutions took over management of Mr and Mrs P's account but can't be held liable for the advice they were given when they entered into the plan. Unfortunately the company which gave the original advice is no longer trading so there's not much else Mr and Mrs P can do. I can understand why they feel upset at this.

Looking back I do wonder at the advice they were given but I can't say for sure it wasn't right. There are a few reasons why I think this:

- The previous company based their advice on the time it would take to pay off Mr and Mrs P's debts. At the time they first consulted the company, they were expecting to pay over £650 a month and their debts added up to more than £23,000.
- This would have meant debts would have been paid off in about three years.
- IVAs generally last for five or six years so a debt management plan may have looked like the best bet for Mr and Mrs P.

- At the start of their debt management plan, Mr and Mrs P actually agreed to pay £420 a month.
- Five months later they added a 12th creditor to the plan. Once updated information was given by their creditors their debts amounted to nearly £33,000.

I'm satisfied Mr and Mrs P were given the right information about what was happening and were party to that decision themselves. As our adjudicator said even if an IVA was the best solution later on, as I believe it was, that doesn't mean it was always the best solution.

When Promise Debt Solutions were told about Mr and Mrs P's changed circumstances – they were going to have a baby – they said an IVA was the best option. This is because Mr and Mrs P were going to have less disposable income to pay off their debts. They entered into an IVA In August 2012.

I've seen nothing in the evidence Promise Debt Solutions has given us that suggests money wasn't being given to Mr and Mrs P's creditors. Neither has Mr P said this is the case. I appreciate why he's so concerned their debt didn't go down as fast as he'd wanted but I don't think they were treated unfairly.

my final decision

For the reasons I've given, my final decision is not to uphold Mr and Mrs P's complaint against Lawrence Charlton Limited, trading as Promise Debt Solutions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 11 September 2015.

Sandra Quinn
ombudsman