

complaint

Mr and Mrs C complain about a debt reduction agreement that they took out with NEO Media Solutions Limited, trading as One Debt Solutions. They complain that it did not pay money to their creditors as it had agreed to do.

background

Mr C entered into a debt reduction agreement with One Debt Solutions in January 2010 relating to debts that were owed by both him and Mrs C. He made payments to One Debt Solutions but only a small proportion of that was paid to their creditors. They complained to One Debt Solutions but were not satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. He concluded that Mr C was not made aware of how his payments would be allocated between One Debt Solutions' fees and payments to his creditors and that, if he had been properly made aware, he would not have entered into the agreement. He recommended that One Debt Solutions should refund the payments made to it by Mr C, less any payments made to his creditors under the agreement. He also recommended that it should pay interest on that amount and that it should pay £100 to Mr C to compensate him for the distress and inconvenience that he 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.

It is clear from the agreement that One Debt Solutions was to provide claims management and debt management services to Mr C. 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.

Mr C says that he understood that One Debt Solutions would receive monthly payments from him, from which it would take a small fee and pay the balance to his creditors. On the basis of information provided by One Debt Solutions, Mr C has paid a total of £880 to it but only £87.16 has been paid to his and Mrs C's creditors.

I consider it to be more likely than not that, if the agreement – and in particular the fees payable - had been properly explained to Mr C, he would not have entered into the agreement. I therefore consider that it would be fair and reasonable for One Debt Solutions to cancel the agreement and to refund to Mr and Mrs C the £880 that Mr C paid to it under the agreement less the £87.16 that it has paid to their creditors (£880 less £87.16 totals £792.84). I consider that it should also pay interest on that amount and that it should pay £100 to Mr and Mrs C to compensate them for the distress and inconvenience that they have been caused.

my final decision

For these reasons, my decision is that I uphold Mr and Mrs C'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 Mr and Mrs C.
2. Refund £792.84 to Mr and Mrs C.
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 £100 to Mr and Mrs C to compensate them for the distress and inconvenience that they have been caused.

If One Debt Solutions deducts tax from the interest element of my award, it should send Mr and Mrs C a tax deduction certificate when making payment. They can then use that certificate to reclaim the tax if they are entitled to do so.

Jarrold Hastings
ombudsman