

complaint

Ms M complains that Harrington Brooks (Accountants) Limited (Harrington Brooks) mismanaged her debt management plan (DMP). She said it did not properly make payments to one of her creditors (creditor A).

background

Ms M said that she entered the DMP in January 2013. Payments to creditors were due to start in May 2013. She said despite asking for information as to how the plan was progressing this was not provided. It was only in 2014 did she learn that no payments had been made to creditor A until December 2013.

Our adjudicator didn't think that Harrington Brooks had managed the DMP properly in relation to this particular creditor between May and November 2013. She asked it to return the unfulfilled creditor payments and its fees for the period. She also felt that it should pay her compensation.

Harrington Brooks did not agree. It maintained that it made payments to a debt recovery firm instructed to manage the debt during the period in question.

The matter therefore needs an ombudsman's decision.

my findings

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

The debt in question was passed from creditor A to a debt recovery firm in June 2013. It was then passed on to a second debt recovery firm in May 2015.

Harrington Brooks maintained that during the period in dispute, it had been making payments to the second debt recovery firm.

Our adjudicator contacted creditor A and both debt recovery firms.

Creditor A confirmed that the debt recovery firm that Harrington Brooks said it was paying during the period in question were not then instructed to manage that particular account. It also confirmed that it had not received any payment from Harrington Brooks in respect of that account during the disputed period.

The first debt recovery firm told us that although it acquired Ms M's account in June 2013, the first payment it received in relation to this debt was in December 2013 and I can see from its statement of account that two payments were applied that month. Payments were then applied each month to the account, including a payment in February 2014.

The second debt recovery firm said it had two accounts relating to Ms M. In respect of the first debt it said payments were received. In respect of the second account that is the subject of this complaint, it said it only acquired the account in May 2015. However, it did confirm that it received three payments from Harrington Brooks in respect of that account for October 2013, November 2013 and February 2014. The second debt recovery firm told us that it refunded two of these payments and applied the third one to her other account.

Harrington Brooks told us that it had three unfulfilled payments returned to it, apparently from the second recovery firm, relating to payments it made in 2013. As I understand it Ms M has already been refunded these amounts.

I can also see from the systems notes provided to us by Harrington Brooks that Ms M contacted it in November 2013 telling it that she was receiving calls from the first debt recovery firm advising that payment had not been received. I note that payment to it commenced the following month.

It is clear that something had gone wrong here. Harrington Brooks was making payments to a firm that was not instructed to manage that particular debt at that time. I am not therefore satisfied that it properly managed Ms M's DMP for the period in question in respect of that particular debt.

Between May 2013 and November 2013 six payments should have been made to the account but were not. Three of those have already been refunded to Ms M. One of the payments was applied to Ms M's overall debt but to the incorrect account. I do not think that Ms M should be refunded that payment amount. I think it only fair that Harrington Brooks refund the remaining two months payments that should have been distributed and were not.

As I have found that the plan wasn't properly managed during this period, it should also refund its monthly management fees for those months as well as a proportion of its initial fee to reflect the overall poor management of the DMP. Interest should be added to the refunded amounts.

It should also pay £200 for the distress and inconvenience it has caused Ms M who went into the DMP to resolve her debts.

my final decision

My final decision is that I uphold this complaint. I direct Harrington Brooks (Accountants) Limited to:

- a) refund £176.50 to reflect distributions not made to her creditors;
- b) refund monthly fees of £528.78 for the period May 2013 to November 2013;
- c) refund £150 of the initial fee paid;
- d) pay simple interest as a rate of 8% per year from the date that payment was made until the date that settlement is made; and
- e) pay her £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 14 January 2016.

Siobhan Kelly
ombudsman