

## **complaint**

Mr and Mrs G 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 and Mrs G entered into a debt reduction agreement with One Debt Solutions in April 2010. They made payments totalling £5,980 to One Debt Solutions but only £2,757.49 was paid to their creditors. They complained to One Debt Solutions and asked it to cancel their agreement but they did not receive a response so complained to this service.

The adjudicator recommended that this complaint should be upheld. She concluded that the agreement did not comply with the Office of Fair Trading's guidance about debt management issued in September 2008. In particular, she concluded that One Debt Solutions did not differentiate between the claims management services and debt adjusting services that were to be provided and that it did not properly warn Mr and Mrs G about the potential consequences of the agreement. She recommended that One Debt Solutions should refund the payments made to it by Mr and Mrs G, less any payments made to their creditors under the agreement.

She also recommended that it should pay interest on that amount and that it should pay £200 to Mr and Mrs G to compensate them for the distress and inconvenience that they 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 and Mrs G. 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. Mr and Mrs G paid a total of £5,980 to One Debt Solutions between February 2011 and December 2012 but the evidence available to me shows that it only paid £2,757.49 to their creditors.

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 G £3,222.51 (which is £5,980 less £2,757.49) with interest. Mr and Mrs G will undoubtedly have been caused distress and inconvenience by these events and I consider that it would be fair and reasonable for One Debt Solutions to pay £200 to them to compensate them for that distress and inconvenience.

## **my final decision**

For these reasons, my decision is that I uphold Mr and Mrs G'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 G.
2. Refund £3,222.51 to Mr and Mrs G.
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 Mr and Mrs G 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 G 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**