

complaint

Mr P, represented by a claims management company (CMC), complains that Harrington Brooks (Accountants) Limited did not tell him about the free debt services available when he entered into his debt management plan (DMP). He also complains that distributions to his creditors were not made frequently.

background

Mr P entered into a DMP in 2010. The CMC says that he was not made aware at that time that there were free debts services available. The CMC also says that distributions to Mr P's creditors were not made frequently.

The business says that Mr P took out his DMP in 2010 with another company and that it took over the DMP later. It says that at the start of the DMP Mr P signed a letter of authority and by doing so agreed to the terms and conditions. It says that due to non-payment the DMP was closed and a new DMP was then set up in December 2012. It says that Mr P was clear he wanted to continue with his DMP.

The business says that payments have been made to Mr P's creditors in line with its terms and conditions.

The business says that in March 2014 it sent a communication to its customers about the online portal. It says this drew the customer's attention to its website which then signposted information about free debt services.

The adjudicator said that Mr P started his DMP in 2010. Then after not making payments to his DMP in 2011 he set up a DMP again in 2012. He said that the guidance in place in 2012 required debt management companies to tell consumers about the availability of help and debt advice from not-for-profit advice organisations where appropriate. He said that based on Mr P's financial position in 2012, the business could see he was able to afford the DMP. Based on this the adjudicator said the business was not required to inform Mr P of the free debts services.

The adjudicator said that the new guidance that came into effect in April 2014 required a business to inform customers of the free debts services available in its first written or oral communication. He said that Mr P had already been in the DMP for years at that time. However he noted that the business gave Mr P online portal information to manage his account in March 2014. When accessing this there was a signpost to a website with free debt advice.

The adjudicator found that distributions had been made to Mr P's creditors.

The CMC responded to the adjudicator's view. It said that the 2012 guidance required certain customers to be referred to the free debt services but expected all customers to be signposted to these services. It also said that the guidance required the business to provide information on all the options available which would include the free debt services.

The CMC also said that Mr P's DMP was still in place in April 2014 at which time the business was required to tell him about the free debt services available in its first communication.

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 listened to the calls provided and the information given in regard to Mr P's DMP and I find that Mr P was provided with the information he needed to decide whether or not to enter into the DMP.

The business has also provided information about the distributions made. Based on the information I have seen I do not find that I have anything to suggest the business did not manage Mr P's DMP correctly.

The outstanding issue relates to whether the business was required to inform Mr P about the free debt services available. Mr P entered into the original DMP in 2010 and then a new DMP in 2012 after a period of non payment. I have looked at the guidance in place at these times and considered the CMC's comments about this. However, I find that the guidance in place in 2012 states that where appropriate customers should be advised of not-for-profit organisations. Based on the information I have seen regarding Mr P's situation, I do not find that the business did anything wrong by not referring him to the free debt services at that time.

I note that the business has said that it communicated with Mr P in March 2014 about its online portal and that this referred to its website which signposts the website with information about free debt services. I also note that the 2014 guidance requires a business to inform customers of debt free services in its first written or oral communication.

Overall, 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 Mr P to accept or reject my decision before 28 December 2016.

Jane Archer
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