

## **complaint**

Mrs F complains that Debt Connect (U.K.) Limited 'Debt Connect' has not refunded her the money she was due back for cancelling a debt management plan ('DMP'). She says that Debt Connect was not making payments to her creditors while she was in the plan.

## **background**

Mrs F had a DMP with Debt Connect which she cancelled in April 2013. She says she paid Debt Connect monthly instalments but it did not distribute payments to her creditors in accordance with the agreed terms of the DMP.

Debt Connect confirmed that by cancelling the DMP Mrs F was due a refund of £712.50. Mrs F says that despite her repeated requests for the money Debt Connect has still not paid her. While this complaint has been with this service Debt Connect made an offer to pay Mrs F £712.50 and £100 for her distress and inconvenience - however, it failed to pay this.

Our adjudicator recommended this complaint be upheld. She said that out of the £1,740 Mrs F had paid Debt Connect it had only distributed £23.33 to her creditors. She also considered it unfair that Debt Connect had agreed to refund her but failed to do so. She did not consider Debt Connect was entitled to keep any management fees so she recommended that it refund Mrs F in full (minus the £23.33 it had distributed) plus simple interest. She also recommended it pay her £200 for the distress and inconvenience its actions had caused.

Debt Connect has failed to respond to the adjudicator's view. Therefore, this matter has been passed to me for final determination.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where matters are unclear I make my findings on the balance of probabilities – which is to say, what I find most likely to be the case based on the evidence available and the wider surrounding circumstances.

I am satisfied from Mrs F's bank statements that, in connection with her DMP, she paid Debt Connect a total of £1,170 over a number of months. She says that Debt Connect agreed it would distribute payments to her creditors after deducting a management fee. This is confirmed by a letter from Debt Connect which outlines that out of Mrs F's £240 monthly payments it would pay her creditors £91 a month and put £114 in her settlement fund. It also states that Debt Connect would keep £35 as a monthly management fee and take Mrs F's first payment as an administration fee.

However, Mrs F says that despite her agreement with Debt Connect she was receiving letters from her creditors to say that they were not being paid. I find Mrs F's submissions credible and they are reinforced by information on the file that satisfies me that Debt Connect has only distributed £23.33 out of the £1,740 she paid it.

Debt Connect has failed to respond to the adjudicator's view. In light of this, and the other evidence available, on balance, I am not satisfied that Debt Connect has distributed Mrs F's payments under the DMP in accordance with the original agreement it made with her.

Therefore, it should refund Mrs F all of her payments, except the £23.33 it has already paid to her creditors. Debt Connect should pay Mrs F 8% annual interest on the refund.

As Debt Connect failed to provide the service it agreed to I do not consider it fair or reasonable that it is entitled to keep any management fees in these particular circumstances.

When Mrs F cancelled her DMP Debt Connect told her she was due a refund – but it has failed to pay this. It also failed to complete an agreed settlement through this service. I consider that these actions, along with its failure to properly administer the DMP have caused Mrs F both distress and inconvenience. For this I consider it fair and reasonable that Debt Connect pay Mrs F £250 compensation.

### **my final decision**

My final decision is that Debt Connect (U.K.) Limited should:

- refund Mrs F the payments she made to it totalling £1,740 (minus £23.33 it paid to creditors) plus interest at 8% per annum from the date of each payment to the date of settlement; and
- pay her £250 compensation for the distress and inconvenience it has caused her.

If Debt Connect chooses to deduct tax from the interest element of my award it should provide Ms F with a certificate of tax deduction so she may claim a refund, if appropriate.

Mark Lancod  
**ombudsman**