

complaint

Miss M complains Sterling Financial Security Ltd agreed to help her reduce her debts but hasn't done so.

background

In 2009 Miss M agreed that Sterling Financial Security – known as “Best Solution” – would help reduce her debts. Miss M paid £150 a month to Best Solution the majority of which was to be paid to her creditors.

In 2012 Miss M says Best Solution said it could upgrade the service it was providing. Miss M says Best Solution told her that it would try and get her debts reduced – for example, by making PPI claims on her behalf – and that it would make token payments to her creditors in the meantime. Miss M says Best Solution told her the rest of the money she was paying would be used at a later date to pay whatever debts were left. Miss M says Best Solution told her this upgraded service was at no extra cost.

In 2015 Miss M complained to Best Solution saying that her creditors were still receiving token payments and that she hadn't received any updates. Miss M complained to us as Best Solution didn't reply.

Our adjudicator recommended that this complaint be upheld as she didn't feel Best Solution had explained to Miss M how the debt reduction plan she was on from 2012 would work. She didn't feel Best Solution had updated Miss M as it said it would or dealt with her complaint properly too. As Best Solution didn't reply, I was asked to review this complaint.

my findings

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

Miss M agreed a debt management plan with Best Solution in late 2009. She paid Best Solution £150 a month the majority of which went to her creditors. She agreed a debt reduction plan in June 2012 but I'm satisfied this wasn't explained to her properly. I say this because although Best Solution told Miss M it would start making token payments to her creditors it told her she wouldn't be charged any extra which wasn't true. I'm also satisfied that Best Solution didn't update Miss M as it said it would or take steps to try and reduce her debt. I agree with our adjudicator, therefore, that this complaint should be upheld.

The information I've seen suggests that Best Solution made token payments of £1 a month to each of Miss M's creditors from June 2012 to March 2015. Miss M's statements show she paid Best Solution £150 a month from June 2012 to February 2015. I'm going to require Best Solution to refund the payments Miss M has made between June 2012 and March 2015 less any amounts paid to her creditors. The information I've seen suggests Miss M has paid £4,950 to Best Solutions between June 2012 and March 2015 (her last payment was in February 2015) and £238 has been paid to her creditors.

my final decision

My final decision is that I require Sterling Financial Security Ltd to refund the monthly payments Miss M has made since June 2012 less payments made to creditors which I

calculate to be £4,712. I require Sterling Financial Security Ltd to pay Miss M simple interest on these refunds at the rate of 8% a year from the date of the payment to the date of settlement. I also require Sterling Financial Security Ltd to pay Miss M £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 13 November 2015.

Nicolas Atkinson
ombudsman