

complaint

Mr W complains that Harrington Brooks (Accountants) Limited, trading as Harrington Brooks Debt Management, ("HB"), didn't provide him with satisfactory advice when he took out a debt management plan ("DMP") with it. The complaint is brought to this service on Mr W's behalf by a claims management company ("CMC"). But for ease, I shall refer below to all actions being taken by Mr W unless stated otherwise.

background

Mr W entered into a DMP with HB in May 2012. His main complaint is that he should have been told about free debt management advice providers.

The adjudicator didn't recommend that the complaint should be upheld

The CMC disagreed and referred to the provisions of the OFT's Debt management (and credit repair services) guidance from March 2012 ("the Guidance") which was applicable at the time Mr W entered into the DMP. It said that under the Guidance, HB was obliged to make consumers aware of the free debt advice sector.

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 only propose to deal with the main issues raised by the CMC in its response to the adjudicator's view in my decision.

Whilst I note that the adjudicator referred to Mr W having four debt management plans, I can see that the CMC has only referred to the DMP starting in May 2012 in its first complaint letter. So, I only propose to deal with this DMP. I also note that HB said that the DMP was sold by its affiliate business which is no longer trading and that it dealt with the welcome call and subsequent correspondence. So, it doesn't have a recording of the phone call in which the DMP was sold.

But, I can see that when Mr W entered into the DMP in May 2012, the Guidance specifically said that a referral to free debt advice should be made where appropriate to do so (Clauses 2.5d and 3.23g of the Guidance). The Guidance said that this would be the case if there were priority debts and/or an immediate emergency, or if Mr W didn't have enough disposable income to afford the fees and his monthly plan payments. But I can see that this wasn't the case in Mr W's circumstances. I can see that his debts weren't priority debts and there didn't appear to be an immediate emergency.

Mr W's monthly income was shown as £1,000 and his monthly expenditure at £920 (without an internal PPI payment). So, HB calculated that Mr W had disposable income of £80 per month which was the amount of his monthly repayment. And from May 2012 until March 2013 Mr W was able to pay £915.36 to HB until he terminated the DMP. Because of this, it appears to me that the fees and monthly plan payments weren't unaffordable. So, in Mr W's circumstances, I don't think that HB acted inappropriately in not referring him to fee-free services.

So, overall, I don't think that HB has done anything wrong in rejecting Mr W's complaint.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 November 2016.

Roslyn Rawson
ombudsman