

## **complaint**

Mr F complains that Vincent Bond & Co Limited mis-sold a debt management plan.

He has complained through a third party, but for ease of reading this decision has been drafted as if the complaint was made by Mr F.

## **background**

Mr F complains that Vincent Bond didn't tell him about free debt services, or that the plan could affect his credit file; it charged him a set up fee and didn't tell him that interest and charges could still accrue whilst he was in a plan. He feels the debt management plan was mis-sold.

The adjudicator didn't uphold the complaint. He could find no evidence that the plan was mis-sold. Mr F had 5 creditors and couldn't afford to pay them off completely. Mr F didn't have an emergency and could afford the fees so Vincent Bond wasn't in breach of the Office of Fair trading Guidance (OFT) by not making him aware of free advice. The debt management forms he signed did clearly state that there was an initial set up fee and what the amount was. Furthermore, the information pack makes it clear that creditors may still charge interest.

Mr F was unhappy and says the OFT expected companies to make customers aware of the free sector. And the adjudicator had wrongly looked at the 2012 OFT Guidance He wants compensation.

## **my findings**

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

Mr F makes a number of complaints;

*he was unaware that reducing the payments on his debts could affect his credit rating*

I accept the evidence put forward by Vincent Bond as confirmed in the initial financial statement, that Mr F was unable to make minimum contractual payments to some or all of the unsecured creditors. I have considered the information pack sent to Mr F which outlines that his credit rating could still be affected whilst in a debt management programme (DMP). Based on this information, I find that Mr F was made aware that entering into a DMP could impact on his credit rating.

*he was unaware that interest and charges could still accrue and creditors recovery action could still continue whilst in a DMP*

The information pack sent to Mr F clearly sets out that there is a possibility of interest and charges accruing whilst in a DMP. Based on the information sent to Mr F, I find that he was aware that interest and charges could still accrue even if he was in a DMP. Vincent Bond says its advisor told Mr F that creditors could still recover whilst in a DMP. I accept that Vincent Bond advised Mr F of this in its pre-contract discussions.

*set up fees*

Mr F signed the debt management agreement which does out the fees for the DMP. I therefore find that he was aware of the fees.

*free service*

The DMP was signed in 2009 and the OFT 2008 Guidance applied at this time. Clause 2.10 of the Guidance states that “*consumers have to be provided with adequate information about the service to be provided, and the consequences and cost of it prior to entering into an agreement*”. From the literature, it appears that Vincent Bond complied with this. Clause 2.27 states that “*all advice should be in the best interests of the client*”. At this time there was no explicit requirement to signpost a client to free debt advice agencies. I accept that it was clear from the literature provided that Vincent Bond was a commercial fee charging business, there were no financial penalties for cancelling and a cooling off period was provided. A DMP appeared to be in Mr F’s best interests as, from the information provided; it appears that he was unable to maintain his contractual payments to creditors. I have noted Mr F’s comments that the OFT 2010 Guidance Review recorded that the majority of debt advisers failed to volunteer information about free debt advice, which means the OFT expected client’s to be signposted. I do not accept that this means that by failing to signpost Vincent Bond were not acting in the best interests; there was no requirement to do this when the agreement was signed. I do not accept the argument that it was misleading to omit this information as there was no requirement to provide it. I do not agree that Vincent Bond should have notified him about free advice agencies at the time he entered into the agreement.

**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 F to accept or reject my decision before 15 August 2016.

Clare Hockney  
**ombudsman**