

## **complaint**

Mr M complains about RG Debt Management Services Limited (trading as Debt Line). He says that, although it promised to reduce his debts, stop charges and make him debt free, since he had been paying for its services one of his debts had nearly doubled and he had overpaid on another. He wants a refund of fees paid to Debt Line.

## **background**

In 2010 Mr M agreed to pay for Debt Line's services in setting up a debt management programme. That covered debts to a number of organisations. One of those was for a loan and one was for Council tax. In 2013 Mr M ended the arrangement with Debt Line. The amount owed on the loan increased from about £6,000 to about £11,000 during Debt Line's involvement. Mr M suspected that Debt Line hadn't been passing on his payments.

The adjudicator did not recommend that the complaint was upheld. She said that although Mr M had originally borrowed about £6,000 on the loan, with interest and charges the total amount payable under the loan was about £14,000. She believed Debt Line had been making payments towards the loan. While the company owning the loan debt had agreed to accept reduced payments, it had not agreed to freeze interest on the loan. That was why the debt had increased, despite payments being made. She did not think that was the fault of Debt Line. Nor did she think it was Debt Line's fault that it had paid too much to the Council: she would have expected the Council to tell Debt line when the account was up to date. Mr M had received a refund of the overpayment from the Council.

Mr M asked for a review by an Ombudsman. He particularly doubted that Debt Line had been making payments on the loan.

## **my findings**

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

From the records I have seen for the loan account, Debt Line was making regular monthly payments towards the account from the money Mr M was paying into the debt management programme. However initially those payments were less than £20 a month, because the debt to the Council was treated as a priority and most of Mr M's payments to Debt Line were going to the Council. It was reasonable for Debt Line to treat the Council tax as a priority, as the results of not paying that could be particularly serious.

Later the payments to the loan account increased, after payments to the Council ended. But they were still less than the interest being charged on the loan each month: so the loan debt continued to increase.

The agreement Mr M signed with Debt Line said that it would attempt to agree with creditors that they freeze interest or reduce interest charges. But it pointed out that, if they didn't agree, paying the debt over a longer period would lead to an increase in the total amount payable. I have seen that Debt Line did ask a number of times if the interest on the loan could be frozen, but that the company owning that debt did not agree to do that. Under the terms of the loan agreement interest was still due.

I cannot be entirely sure whether, if Debt Line had done more, it might have been able to get the interest on the loan account frozen. But when it did make some effort to try to achieve that, and in all the other circumstances, I cannot see that I have grounds to say that Mr M should have all the fees paid to Debt Line refunded.

**my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 14 May 2015.

Hilary Bainbridge  
**ombudsman**