

complaint

Mr K complains that Blue Finance Management Limited trading as Debtplan Direct signed him up to a debt reduction plan without telling him the costs or what his other options were. He says he ended up taking longer to pay off his debts and wants the fees he's paid refunded.

background

A representative assists Mr K in his complaint. For ease, I'll explain everything as if it's said by him.

Mr K says he was in a free debt management plan (DMP) when Debtplan contacted him in 2014. He said they told him they could clear his debt more quickly so he signed up with them. He says they didn't tell him:

- they'd take a set-up fee and monthly payment fee.
- there were other options available to him and he could have got the same or a similar service free of charge.

He feels his debt wasn't being paid off more quickly and he wasn't better off. He complained to Debtplan. They said that their advisers followed a script on calls to make sure that customers got all the relevant information. Mr K would have been told about the costs and the other options he had before he signed up. They'd also have sent documents to confirm this afterwards. Mr K didn't agree. He complained to us.

Debtplan didn't respond to our request for information. The adjudicator didn't have the script that Debtplan say they'd used or any call recordings. She made her decision based on what she had. These included copies of letters and documents Debtplan had sent Mr K when they dealt with his complaint.

She didn't think he'd been given clear enough information about costs. She could see that when Mr K entered into the agreement with Debtplan he was already in a free DMP. On balance, she wasn't satisfied that Debtplan had explained Mr K's other options to him. She didn't think they'd acted correctly.

She thought a fair way to resolve the complaint was for Debtplan to:

- refund Mr K's set up fees and monthly payments and pay him interest.
- pay him £50 compensation for the trouble and upset he'd been caused.

Debtplan didn't respond to the adjudicator's view. Correspondence sent to them was returned. The complaint came to me.

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 think Mr K did get some information about costs. I can see that Debtplan wrote to him and explained what he'd pay each month. They also told him they'd keep his first two months

payments rather than paying them to his creditors. He says he doesn't recall this. This is understandable due to the passage of time but I think it's likely that he was given the information.

Mr K was already in a debt management plan that wasn't costing him anything. Mr K says Debtplan said they'd help to pay his debt off more quickly and this is why he signed up with them. What I've seen supports this. Debtplan list the ways they can help reduce Mr K's debts. I've seen nothing to suggest that they provided any of these services to Mr K to reduce his debt. I'm not satisfied they gave him clear information about his other options for getting access to these services.

I'm not satisfied that Debtplan acted fairly in signing Mr K up to this plan. I've seen nothing to suggest he's gained any benefit from it. I think what the adjudicator suggests is a fair way to resolve this complaint.

The arrangement Mr K had with Debtplan has been transferred to another company now. He's told us he's still making payments. It's a matter for him to decide if he wants to continue with that.

my final decision

My final decision is that I uphold this complaint. In order to resolve it I require Blue Finance Management Limited trading as Debtplan Direct to:

- refund Mr K's set up fees and monthly payments, and pay him 8% simple interest from the date of each payment to the date of settlement.
- pay him £50 compensation for the trouble and upset he'd been caused.

If Blue Finance Management Limited trading as Debtplan Direct considers tax should be deducted from the interest element of my award it should provide Mr K with a tax deduction certificate so he can reclaim the tax if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 September 2016.

Nicola Crabb
ombudsman