

complaint

Mr and Mrs M have complained about how Lloyd Anderson Financial Management Limited managed their debt management plan. They're particularly concerned that the payments they made were not being passed on to their creditors, and their debt grew rather than decreased.

background

Mr and Mrs M had three creditors and were unable to pay their debts. In 2013 they entered into a debt management plan with Lloyd Anderson. This involved them paying £2,800 between June 2013 and June 2014. They had understood they'd be paying about 70% of their original debt and would be debt free within nine months

Only small amounts from the money Mr and Mrs M paid Lloyd Anderson were passed on. By June 2014 Mr and Mrs M stopped making monthly payments and had complained to Lloyd Anderson. They never got any response so brought a complaint to the ombudsman service.

Our adjudicator was never able to get Lloyd Anderson to respond to our questions. Therefore he approached Mr and Mrs M's creditors to build a picture of what had happened. His assessment was that Lloyd Anderson had collected £2,800 from Mr and Mrs M but had only paid out a maximum of £641.90 to their creditors. He also felt that Lloyd Anderson's actions had led to Mr and Mrs M's debts increasing.

He told Lloyd Anderson to refund all the money that Mr and Mrs M had paid that hadn't ended up with their creditors. 8% simple interest should be added. As Lloyd Anderson's actions had caused distress to Mr and Mrs M, they should pay them £100.

As Lloyd Anderson never responded, this case has been passed to me to complete.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive, or contradictory, as some of it is here, I reach my decision on a balance of probabilities – that is to say, what I consider is most likely to have happened in the light of the evidence that is available and the wider surrounding circumstances.

We have found it very difficult to contact Lloyd Anderson despite using their business address and other avenues to find them. This means that we never received any evidence from the business to help us review Mr and Mrs M's complaint. As it turns out I don't believe this to be an issue as Mr and Mrs M has provided us with information and I am also grateful to their creditors who've provided our adjudicator with the evidence we requested.

I have assessed our adjudicator's findings and detailed review of the money that Mr and Mrs M paid to Lloyd Anderson. This leads me to conclude that Mr and Mrs M paid £2,800 to Lloyd Anderson in total. I have also reviewed the evidence provided by Mr and Mrs M's creditors. This shows that only minimal amounts – as little as £1 per month – were paid on occasion. In total I consider the evidence that these creditors provided to us shows that £641.90 was paid to Mr and Mrs M's creditors to offset their debts. On balance, I am satisfied that it is not fair or reasonable for Lloyd Anderson to have retained so much of Mr and Mrs M's money.

It is also clear that Lloyd Anderson did not negotiate effectively with Mr and Mrs M's creditors and in all cases additional interest and fees were added to their debt. This has resulted in them being worse off than when they started.

I am satisfied that Lloyd Anderson needs to repay £2,158.10 to Mr and Mrs M. I can see no argument to support them retaining any management fees. It seems clear to me that they did not fulfil their contract to Mr and Mrs M so it would not be fair to charge them any fees at all.

On top of this, Lloyd Anderson will need to add 8% simple interest on these amounts from the dates they received them.

I know that Mr and Mrs M have now been able to get proper debt advice and they have tried hard to repay their debts. Mr and Mrs M originally entered a debt management plan in the hope it would ease some of their debt issues. In this case, the opposite has happened, and I am satisfied this was both distressing and inconvenient for Mr and Mrs M. I consider £100 compensation is fair.

Unfortunately Mr and Mrs M knows that Lloyd Anderson have not been responding to us. I am distressed on their behalf that Lloyd Anderson may not pay what I believe they owe them. I would urge them to meet their legal obligations.

my final decision

For the reasons stated above, my final decision is to uphold Mr and Mrs M's complaint against Lloyd Anderson Financial Management Limited and instruct them to:

- Repay £2,158.10 that Mr and Mrs M paid to them between June 2013 and June 2014; and
- Pay them £100 as compensation for the distress caused.

Interest should be calculated at 8% simple per year from June 2013 to June 2014, as Lloyd Anderson took money from Mr and Mrs M in that period, until the date of settlement.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 23 July 2015.

Sandra Quinn
ombudsman