

## **complaint**

Mr P complains that he wasn't provided with satisfactory advice about his debt management options when he took out a debt management plan ("DMP"), with a third party ("T"). The DMP was then passed to Harrington Brooks (Accountants) Limited, trading as Harrington Debt Management, ("HBDM"), to be managed. The complaint is brought to this service on Mr P's behalf by a claims management company ("CMC"). But for ease, I shall refer below to all actions being taken by Mr P unless stated otherwise.

## **background**

Mr P entered into a DMP in May 2012 with T. The DMP was then transferred to HBDM in June 2012 to be administered. Mr P's main complaint is that he wasn't advised by HBDM that a Debt Arrangement Scheme ("DAS") would have been a more suitable solution for his circumstances. He is also unhappy that he wasn't told that the same or a similar service could have been provided free of charge or about the availability of free and impartial advice.

The adjudicator didn't recommend that the complaint should be upheld. She thought that T would have completed a full review and discussed the various options with Mr P when it sold the DMP to him. She was unable to say if T had done this with Mr P. But even if it hadn't, she didn't think it was something that she could fairly hold HBDM responsible for. She had listened to HBDM's welcome call with Mr P. HBDM's agent confirmed the details they had on file with Mr P. No recommendations were made. Mr P asked about whether he could make lump sum payments, or increase or reduce his monthly contribution if his circumstances changed. HBDM's agent explained these options were possible. The adjudicator thought that the DMP allowed Mr P flexibility. She thought that this was important to him and his changing circumstances and he seemed happy with this. She didn't think that it was reasonable for HBDM to have carried out a full review of the DMP a month after it had begun. She also couldn't say that the DMP was the wrong option for Mr P.

The CMC disagreed and responded to say, in summary, that HBDM had an obligation to assess Mr P's circumstances to ensure that the plan they were to administer was suitable and affordable, even if it had been sold by T. It also said that a DAS was flexible, and that Mr P was eligible for it. He would have been debt free sooner and at less personal expense than with a DMP.

## **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 note that the CMC believed that Mr P would have been better off on a DAS. I don't know if the DAS was explained to Mr P by T and whether he considered and rejected this option. I note that T only keeps its calls for six months, so the sales call wasn't available.

I have listened to HBDM's welcome call with Mr P and I can see that a DAS wasn't discussed. But as the call with HBDM took place 12 days after the DMP was sold by T, I think that this was too soon to review the suitability of the DMP. But I note that during HBDM's welcome call that its agent went through Mr P's income and expenditure to check affordability. HBDM also confirmed with Mr P that he'd read and understood the terms and conditions and that he was aware of the fees payable for a DMP.

I also note from the welcome call that the ability to increase or reduce repayments was important for Mr P. Whilst I note that a DAS is flexible, I note that any variations must be approved by all parties. I can see that HBDM reviewed the DMP in November 2012. Mr P explained that he was leaving his job to do some training and he wished to reduce his monthly repayments from £312 to £100. I note that this was agreed on the call whereas I think it's likely that this might have taken rather longer if Mr P had a DAS.

As the DMP ended in early 2013, I can understand that there were no further reviews of the DMP when other options could have been discussed.

I can also see that a DAS may not be suitable for everybody especially as DAS customers' names are published in a public register. This may not have been suitable for Mr P's circumstances. I also note that when Mr P ended his DMP in early 2013, that he entered into a Protected Trust Deed, which he then settled early. In view of this, it's difficult for me to say that a DAS would have been the most suitable option for him. In any event, I don't think I can safely conclude from the available evidence that the DMP wasn't suitable for Mr P.

I also note that Mr P felt that he should have been told that there were other organisations which provided free debt management advice. I can see that when the DMP was sold by T, that T was obliged to comply with the requirements of the OFT's Debt management (and credit repair services) guidance from March 2012 ("the 2012 Guidance"). The 2012 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 2012 Guidance). But it then gave examples of what it meant by "*where appropriate*". These included situations where a consumer had priority debts or didn't have enough disposable income to meet the cost of paying fees. This might be the case if the consumer was on benefits or in receipt of a pension. But, I note that these situations didn't apply to Mr P. So, I am not persuaded that T or HBDM acted inappropriately by not telling Mr P about the free advice agencies.

After carefully considering the circumstances of this complaint, overall, I don't think that HBDM has done anything wrong in rejecting Mr P'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 P to accept or reject my decision before 23 January 2017.

Roslyn Rawson  
**ombudsman**