

complaint

Mr W complains that he has not received moneys from Debt Connect (U.K.) Limited, which he considers are due to him after he closed his debt management account.

our initial conclusions

Our adjudicator recommended that Mr W's complaint should be upheld because Debt Connect had not administered Mr W's debt management plan with reasonable care and skill. He concluded that Debt Connect's statements did not accurately reflect the payments distributed to Mr W's creditors. Debt Connect's statements indicated that payments had been made to creditors, but the adjudicator was not satisfied that this was the case. He also concluded that Debt Connect had successfully negotiated only one of Mr W's debts, not two, as claimed in an email to Mr W.

The adjudicator recommended that Debt Connect should refund all payments made by Mr W, apart from the first, less the amount distributed to Mr W's creditors. He also recommended that Debt Connect should add interest to the amount to be refunded and pay Mr W £200 compensation for the distress and inconvenience it has caused him.

my findings

I have considered the available evidence to decide what is fair and reasonable in all the circumstances of this complaint. Having done so, I uphold Mr W's complaint for reasons which I give below.

Neither Debt Connect nor Mr W has been able to provide a copy of their agreement. Mr W says he entered into the debt management agreement in around November 2011 and cancelled it in March 2013. Mr W has provided copies of his bank statements which show his payments to Debt Connect. He has also provided copy account statements sent to him by Debt Connect. Therefore, there is evidence that a plan was in place, despite the absence of a written agreement.

Mr W says he understood that Debt Connect would take its fee from his monthly payment, distribute a small amount to his creditors and the remainder would be used to accumulate a settlement pot which Debt Connect would use to make full and final settlement offers to Mr W's creditors.

Mr W's creditors have provided evidence of payments received from Debt Connect. The information on Debt Connect's account statements cannot be reconciled with the evidence provided by Mr W's creditors. Only one of Mr W's creditors received regular payments. The others did not. In addition, only one of Mr W's debts was settled by Debt Connect.

Debt Connect denies that it owes Mr W any money. It claims that Mr W actually owes money to its 'sister' claims management company. Debt Connect's account statements indicate that it made payments to a claims management company. However, whilst Debt Connect said that it would provide further information about this, to date it has not done so.

I would have expected Debt Connect to have reliable records of the agreement that it entered into with Mr W. However, it has failed to cooperate with this service and respond to our requests for information. Debt Connect says that it has sold its debt management business to another company. However, it has not provided any evidence that it has ceased to be liable to Mr W for any acts or omissions while it was responsible for his debt management plan.

In light of the inconsistencies between Debt Connect's statements and Mr W's creditor statements, I am not satisfied that the former are a reliable record of payments made by Debt Connect. I have relied instead on the account statements provided by Mr W's creditors and these indicate that Mr W's payments were not distributed to most of his creditors in accordance with a debt management plan. Neither do they show that more than one settlement was negotiated.

In addition, as Debt Connect has failed to provide evidence that Mr W received services from its sister claims management company, I am not satisfied that Mr W owes money to Debt Connect. In any event, I am unable to consider a set off in respect of moneys allegedly owed to an entirely separate company.

In these circumstances, I consider the award recommended by the adjudicator to be fair. Therefore, Debt Connect must refund all of Mr W's monthly payments, (apart from the first), less the amount distributed to his creditors. I calculate this to be £6,206.63. Debt Connect may retain Mr W's first payment because it managed one of his debts in accordance with their agreement.

Debt Connect must also add simple interest to each refunded monthly payment at the gross rate of 8% simple. This is to be calculated from the date of each payment made by Mr W until the date of refund.

In addition, I consider Mr W has been caused distress and inconvenience as a result of Debt Connect's poor administration of the plan and inadequate response to his complaint. I agree that he should receive some compensation for this. I do not interfere with the sum of £200 recommended by the adjudicator, which I consider to be fair in all the circumstances.

my final decision

My final decision is that I uphold Mr W's complaint against Debt Connect (U.K.) Limited. Debt Connect must refund the difference between the second and every subsequent monthly payment made by Mr W and the total paid to Mr W's creditors. Therefore, £6,206.63 must be refunded. Debt Connect must also add 8% simple interest on each of Mr W's refunded monthly payments, calculated from the date Mr W made each payment until the date Debt Connect refunds the money.

I also award £200 compensation for distress and inconvenience caused to Mr W.

Athena Pavlou
ombudsman