

complaint

Ms S complains that Butler-Do Ltd (which used to be known as Kensington Financial Management Consultants Ltd, and which I'll call KFMC):

- didn't fully assess her circumstances before advising her to go into a debt management plan; and
- didn't tell her about the charges she'd have to pay, or that she could use free debt counselling and debt adjusting services.

background

Ms S agreed to the debt management plan in April 2013. She cancelled it around six months later. She complained in late 2015, through a claims management company.

Butler-Do said it didn't think KFMC had done anything wrong. It said KFMC's notes showed it had told Ms S about other options, and she'd chosen a debt management plan. She had 14 days to change her mind, but had decided to go ahead. It also said KFMC had made its charges clear and Ms S had agreed to them, and it didn't have to tell her about free services she could have used instead.

The claims management company asked us to look into the complaint. Our adjudicator agreed with Butler-Do, and said it appeared Ms S could afford the debt management plan. She also noted that Ms S hadn't chosen to go into a debt arrangement scheme or sequestration after she cancelled her plan.

Ms S didn't accept that conclusion. The claims management company said it wasn't plausible that Ms S had a disposable income of £100 out of a total income of £500. It also said there was no reason why someone would choose a debt management plan over a debt arrangement scheme. And it still thought Ms S should have been told about free services.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same overall conclusions as the adjudicator, for much the same reasons.

I've seen KFMC's records of its conversations with Ms S. They say it explained the debt management plan and debt arrangement scheme to her before she agreed to the plan, and she chose a debt management plan. So I don't think I can fairly conclude KFMC didn't tell Ms S about the options open to her. And, despite what it has said about the income details KFMC had on its records, the claims management company hasn't said Ms S couldn't afford the plan.

I share the adjudicator's view that the fees payable to KFMC were clear in the paperwork for Ms S's plan. The plan was agreed in early 2013. I don't think KFMC necessarily had to tell Ms S about free services at that time, and I don't think it's fair to apply later rules and guidance retrospectively. I think KFMC gave Ms S enough information before she agreed to the plan about how it would work and what it would cost her, so she could make an informed decision about whether to take and pay for KFMC's services.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 21 October 2016.

Janet Millington
ombudsman