

## **complaint**

Mr F complains about the administration of payments he made under a Debt Help Direct Limited debt management plan. He says payments to one of his creditors continued to be made despite his clear instructions for those payments to stop.

## **background**

Mr F signed up to a debt management plan with a debt management provider ("Debt Management Provider B"). In March 2012 he asked Debt Management Provider B to stop paying one of his creditors ("Creditor A"), as the interest it was charging him was higher than the payments being made. Mr F reduced his monthly payment into the debt management plan by the value of the payment being made to Creditor A and said he would negotiate with Creditor A himself.

Despite acknowledging his clear instructions, Debt Management Provider B did not stop the payments to Creditor A.

In April 2012, Debt Help Direct took over Debt Management Provider B's clients and liabilities. But Mr F was not told this until October 2012. During this time more payments were made to Creditor A; which meant his other creditors got less money than had been agreed. Payments to Creditor A were finally stopped in November 2012, when Mr F complained.

Our adjudicator upheld the complaint. He concluded that Mr F's instructions should have been followed and that the payments made to Creditor A from March 2012 should be refunded, with interest.

The adjudicator also concluded that the £25 per month debt management fees should be refunded from March 2012 onwards and that Mr F should be paid £150 for distress and inconvenience.

Debt Help Direct has not responded to the adjudicator's opinion.

## **my findings**

I have considered what Mr F has said and provided – as well as information Debt Help Direct said and provided during the early stages of this complaint – to decide what is fair and reasonable in the circumstances. Having done so, I uphold this complaint.

Mr F was in a debt management plan. The payments he made to that plan – after deducting the monthly management fee – would be distributed on a pro-rata basis to his creditors. Ordinarily it would not be considered advisable to remove one creditor from the plan, because that would have an effect on the payments made to the remaining creditors. It might also have an effect on whether those remaining creditors would continue accepting pro-rata payments and at what level.

I'm satisfied that Debt Management Provider B, and later Debt Help Direct, were right to point out these difficulties to Mr F. However, I am also satisfied that Mr F was very clear in his instructions that he wanted to stop paying Creditor A and carry out negotiations himself. That was Mr F's choice and Debt Management Provider B and Debt Help Direct should therefore have acted on those clear instructions.

The disputed payments did go towards Mr F's account with Creditor A. However, Creditor A was adding interest at a higher level than the payments being made under the debt management plan. He was also forced to use the money he should have been using to negotiate with Creditor A to top up the payments to his other creditors instead. So I am not persuaded, in these particular circumstances, that Mr F got any benefit from the payments Debt Help Direct made to Creditor A. By ignoring Mr F's instructions, Debt Management Provider B and Debt Help Direct hampered his ability to negotiate with Creditor A and undermined the agreements in place with his other creditors.

Under the circumstances I think it would be fair and reasonable for Debt Help Direct to refund the payments made to Creditor A after Mr F gave his clear instructions in March 2012. I also think Mr F is entitled to a refund of the £25 per month management fees charged by Debt Management Provider B and Debt Help Direct, as the overall level of service he received was poor.

Finally, I agree with the adjudicator that the extended period of time Mr F spent pursuing this matter with Debt Help Direct warrants a further compensation award. I think £150 is appropriate for the overall distress and inconvenience caused.

### **my final decision**

My final decision is that I uphold this complaint and I direct Debt Help Direct Limited to:

- refund to Mr F all the payments made to Creditor A after March 2012, plus interest calculated at a gross rate of 8% per year simple from the date each payment was made to Creditor A to the date of settlement;
- refund each £25 monthly management fee Mr F has paid from March 2012 onwards, plus interest calculated at the rate and in the manner set out above; and
- pay Mr F a further £150 for distress and inconvenience.

We have been told that Debt Help Direct Limited has now been placed in compulsory liquidation. Mr F should contact the liquidator directly if he wishes to be added to the list of potential creditors.

Dawn Griffiths  
**ombudsman**