

complaint

Mrs D complains that Foundation for Credit Counselling (trading as Stepchange) didn't provide her with the service it should have, given her situation, and that it mismanaged her debt management plan (DMP).

background

Mrs D says that before the DMP was set up she kept her finances separate from her partner's due to his controlling and abusive behaviour. She says that for a time she was unaware of the extent of her partner's debts and that when he told her she was traumatised but started to try to work out if they could afford the repayments. She says she spoke to a debt agency which she found very supportive and helpful. She says it said a DMP shouldn't be needed for her debts as these were being managed and that she should keep her finances separate from her partner. Mrs D says that she decided not to use the services of the agency as she thought it better to use a free debt service.

Mrs D says that when she spoke to Stepchange in March 2016 she wasn't taking her medication and was suffering with depression. She says Stepchange made her feel judged and didn't try to understand her situation. She says it gave her no choice but to enter into a joint DMP with her partner. A joint DMP was set up which Mrs D says meant £1,300 was being paid each month; with £1,000 going towards her partner's debts and £300 towards hers.

Mrs D says she sought help and when she contacted Stepchange about her situation it just offered to separate the DMP. She says she didn't want to risk doing this for fear of her partner's actions.

Mrs D complains that Stepchange took away her rights to deal with her own debts and finances and failed to offer her advice that was in her best interests. She says that the DMP affected her credit file and that the management of the DMP led to further issues. She says that underpayments were made to a creditor causing an impact on her credit file, while other accounts were receiving more than the minimum amount, which in turn led to interest being charged. Mrs D says she received a lump sum a few months after starting the DMP which was sufficient to pay off her debts but she wasn't allowed to do this. She also says that in last month of the DMP, despite the alert regarding domestic abuse being on file and her saying she didn't want the DMP payment reimbursed, Stepchange did this following a request from her partner.

Stepchange says that Mrs D first contacted it in April 2016 and that details of her income, expenditure and debts were taken. It says she consented to doing a joint budget and so information was gathered from her partner as well. It says that the initial calls are no longer available but that Mrs D raised a complaint in January 2017 about this issue and it understood it had been resolved. It says it aims to recognise vulnerability but it is reliant on clients explaining their situation. It says that Mrs D made a further complaint in July 2017 and it discussed how to help her in more detail. It says that had Mrs D made it aware of her situation on the initial call then it might have recommended a single budget but at this time Mrs D didn't make it aware of her situation and vulnerability.

In regard to the actions taken, Stepchange says that as the DMP was a joint plan it can act on instructions from either party, which was why the January payment was refunded at her partner's request.

In regard to the management of payments, Stepchange says that it calculates repayments based on the original monthly contractual payments and for credit cards it uses 3% of the outstanding balance at the start of the plan. It says the payments to a credit card increased following a review of Mrs D's budget and that Mrs D increased her DMP payment from July 2017. It says there was also a slight increase in April 2017 following the repayment of a different debt. Stepchange says that all payments were made to Mrs D's accounts in line with the usual process.

Our investigator didn't uphold this complaint. He said that parts of it fell outside of our jurisdiction. He said he could consider Mrs D's complaint that she requested Stepchange to continue her DMP but then issued a refund on her husband's request. And Mrs D's complaint about her DMP being mismanaged because of how the monthly payments were set up.

Our investigator said that the DMP was set up as a joint plan and that this happened before Stepchange was aware of any issues regarding Mrs D and her husband. As it was a joint plan instructions could be made by either party; therefore Stepchange didn't do anything wrong by refunding the payment. He also noted that Stepchange had offered Mrs D a separate DMP but this was declined and it had also offered some alternatives to assist Mrs D. In regard to the DMP being mismanaged, resulting in over payment to one creditor and underpayments to another, he didn't think that the evidence suggested Stepchange had done anything wrong.

Mrs D didn't accept our investigator's view. She said that from the outset one of her creditors was receiving more than the minimum amount and that Stepchange didn't accept her requests to stop an underpayment to another creditor - which has caused long term damage to her credit file. She said that Stepchange took little interest in what happened once the DMP had been set up and when she was able she had to try to manage the situation to minimise the damage. She said she was told to have a joint account with her partner even after telling Stepchange about his erratic spending history.

Mrs D reiterated that Stepchange failed to acknowledge that as an individual she didn't need a DMP. She said that Stepchange didn't treat her as an individual or take on board her vulnerability and make reasonable adjustments. She said that Stepchange has had a dismissive attitude towards her, failing to recognise how it has put her at risk. She says she has been caused financial and emotional harm.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs D has raised a number of issues in regard to the joint DMP that was set up by Stepchange. She has explained her situation prior to and at the time the DMP was set up and so I can understand how distressing this issue has been for her.

In January 2017, Mrs D contacted Stepchange about receiving a lump sum payment and wishing to pay off her debts that were in the DMP. At this time she was told that as she was in a joint plan this wasn't possible. Mrs D said she was unhappy that she had been linked with her partner's debts and that she felt she could deal with her own debts and so shouldn't be on the DMP. The system notes provided by Stepchange show that they considered this

complaint closed on the same day. It is also said that a letter was sent out at this time. I have seen a copy of what Stepchange says would have been sent and this contains referral rights and information about the six-month time limit.

Also in January 2017, Mrs D sent emails to Stepchange which suggested there were issues between her and her partner. Then in July 2017, Mrs D contacted Stepchange to complain about the advice she was given regarding the joint DMP and to say that her vulnerability wasn't addressed. At this time a note was added to the system regarding Mrs D's sensitive situation.

The system notes from this time again show the complaint was resolved and closed although further conversations about the issues took place. Again, following this complaint a summary letter was sent to Mrs D, which contained information about what to do next and referral rights.

Mrs D didn't raise her complaint with this service until February 2018. This was following receipt of a final response letter from Stepchange dated 23 January 2018. This letter covered the issue Mrs D had raised about being unhappy her circumstances weren't recognised when she first made contact and that she thought the joint DMP was inappropriate. It also addressed Mrs D's complaint that Stepchange issued a refund at her husband's request when she didn't want this to happen.

Mrs D didn't refer her initial two complaints to this service within the six month timeframe. She has explained her situation and I note her comments about exceptional circumstances. Our investigator explained our jurisdiction and the six month time limit and Mrs D accepted this.

That said the issues Mrs D raised previously underpin the more recent concerns she has reported about actions taken on her account and more recently about the management of the payments. Therefore I have taken the relevant background into consideration.

This decision addresses Mrs D's complaint that a refund was provided at her partner's request when she didn't wish this to happen, and her complaint about how the payments were managed in the DMP.

Given Mrs D's circumstances, I can understand why she has raised concerns about a joint DMP being set up. I appreciate her comments that Stepchange should have identified her vulnerability and that another debt service provider had been able to do this. Mrs D raised this in July 2017 and then didn't refer it to this service. Therefore I haven't considered this issue further. What I have considered is whether it was reasonable given the information Stepchange had at the time that it acted on Mrs D's partner's instruction.

The DMP was joint and therefore it is reasonable that instructions can be taken from either party. I have looked at the system notes provided and, while there are markers regarding the information Mrs D has provided about her situation, I haven't seen anything that meant Stepchange shouldn't act on an instruction from her partner.

Mrs D has also raised concerns about how the payments on her account were managed. Stepchange has explained that for credit cards it uses a standardised approach with the payment based on the balance at the start of the DMP. I have looked at the information provided and can see this approach was applied for Mrs D's payments. While I appreciate

the comments made about this being more than the minimum required payment, I do not find that Stepchange did anything wrong in the approach it took.

The payment amount increased slightly in April 2017 and then again in July 2017. The April increase has been explained as another account had been repaid the additional funds were allocated to the remaining creditors. The July 2017 increase was due to an increase in the DMP payment. I do not find this unreasonable, however I note the comments made by Mrs D about another of her account being in arrears (a loan account) and insufficient payment being made to this.

I have looked at the loan account Mrs D is concerned about and can see that following the set-up of the DMP the full contractual payments weren't being made. This is why the account was in arrears and this was recorded on her credit file. However, even if the increases applied to the above-mentioned credit card payment were instead applied to the loan payments they still wouldn't have been sufficient to meet the contractual repayments. Based on the information I have seen, I do not find I have enough to say that Stepchange mismanaged the payments in the DMP.

It is clear that Mrs D has been through a distressing time both emotionally and financially and I understand she feels Stepchange could have done more to help her. However, based on the evidence I have seen, I do not find I have enough to uphold this complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 10 June 2019.

Jane Archer
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