

complaint

Miss Y complains that NEO Media Solutions Limited (trading as One Debt Solution):

- misled her as to how quickly her debts would be cleared;
- did not clearly explain what it would charge for its services, or when these charges would be taken; and
- did not pass payments she made to it on to her creditors.

background

Our adjudicator recommended that this complaint should be upheld. She considered that NEO's agreement with Miss Y did not clearly explain how it proposed to carry out its debt adjusting activities on Miss Y's behalf. In particular, NEO did not make clear the consequences of her stopping contractual payments, and that it would not pass payments on to a creditor until liability for the debt had been established. As a result, she considered that Miss Y entered into the agreement on the basis of misleading information.

The adjudicator recommended that NEO refund to Miss Y the £620 she had paid to NEO, with interest, less £1.50 it had paid one of her creditors. She also recommended that it pay her compensation of £200 for the distress and inconvenience it had caused her.

Miss Y accepted the adjudicator's recommendation. However NEO has failed to respond to this service, and so this complaint has been referred to me for a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find that I agree with the adjudicator's conclusions, and for broadly the same reasons.

NEO did not adequately explain to Miss Y the nature and effect of the agreement she was to sign and did not pass on payments she made to her creditors. This meant it breached in a number of respects the Guidance on Debt Management issued by the Office of Fair Trading in 2008. I also find that it misled her as to how quickly her debts would be cleared.

I conclude, therefore, that NEO should refund to Miss Y the payments totalling £620 she made to NEO, less any sum it passed on to her creditors. From enquiries the adjudicator has made, it appears that NEO only paid £1.50 to one creditor. Accordingly, NEO should now refund £618.50 to Miss Y.

In addition, NEO should pay interest on the money Miss Y paid to it, from the date she made each payment to NEO until settlement.

I also agree that NEO should pay Miss Y compensation of £200 for the distress and inconvenience it has caused her.

my final decision

My final decision is that I uphold this complaint and direct NEO Media Solutions Limited (trading as One Debt Solution) to:

1. pay Miss Y £618.50, plus interest on each payment she made to NEO at the annual rate of 8% simple from the date she made the payment to the date of settlement; and
2. pay Miss Y £200 for distress and inconvenience.

If NEO does not pay this award in full within 28 days of Miss Y accepting this decision, I direct NEO to pay interest, on the same basis as above, on the £200 compensation from the date of this decision until this complaint has been settled in full.

If NEO considers that it has to deduct tax from the interest element of my award, it should send Miss Y, when making payment, a tax deduction certificate addressed to Miss Y, which she can use to reclaim the tax, if she is entitled to do so.

I remind NEO that my decision and award is enforceable through the courts, if Miss Y accepts it.

Lennox Towers
ombudsman