

complaint

Miss Q and Mr D complain that Debt Connect (U.K.) Limited, trading as Debt Connect, has provided them with poor customer service. In particular, Debt Connect failed to forward to their creditors most of the monthly repayment amounts they sent to Debt Connect for onward distribution to their creditors.

background

Miss Q and Mr D entered into a debt management plan with Debt Connect in August 2012. They understood that if they paid Debt Connect £350 each month, their debts would be settled by August 2013. Miss Q and Mr D phoned Debt Connect in July 2013 to pay their August 2013 payment in advance, and then cancelled their direct debit to Debt Connect. They were then told that debts were still outstanding, and to pay a further £86. In October 2013, they were told that Debt Connect was ceasing consumer credit activities. Miss Q and Mr D then requested that their account be closed and that a refund be made to them, but they have not received any refund.

Debt Connect has not provided any information to this service despite several requests that it do so.

The adjudicator concluded that Debt Connect had not acted in Miss Q and Mr D's best interests. She noted that they had paid £4,200 to Debt Connect, but that only £190.56 had been distributed to their creditors. She recommended that Debt Connect refund £4,009.44 to Miss Q and Mr D with interest at 8% simple per annum from the date of payment to the date of settlement. She also said that Debt Connect should pay £200 compensation to Miss Q and Mr D for the distress and inconvenience it had caused them by not managing their debt management plan correctly.

Debt Connect disagreed and responded to say, in summary, that it needed eight weeks to obtain the information this service required and to provide a full response.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I note that Debt Connect asked for more time to provide information to this service. But I can see that the adjudicator first asked it to supply information in January 2014, and again in March and April 2014, but no information has been forthcoming. I am satisfied that it has had ample opportunity to send this service the information requested and to investigate the complaint. I also note that it did not provide any response to Miss Q and Mr D directly about their complaint.

I can see that Miss Q and Mr D made monthly payments to Debt Connect in the expectation that all their debts would be repaid by August 2013. I note that they paid Debt Connect £4,286 in total, but that only £190.56 has been distributed to their creditors.

Having carefully considered Miss Q and Mr D's evidence and, in the absence of any evidence from Debt Connect, I am not persuaded, on balance, that it has acted appropriately. I cannot see that it provided the debt management service that it agreed to provide to Miss Q and Mr D. So, I consider that it should refund Miss Q and Mr D the difference between the money it received from them (£4,286) and the amount it distributed (£190.56). This amounts to £4,095.44. Interest should be calculated on this amount at 8% simple per annum from the date of payment to the date of settlement. I also agree with the adjudicator that Debt Connect should pay Miss Q and Mr D £200 compensation for the distress and inconvenience its actions have caused them.

my final decision

My decision is that I uphold this complaint. In full and final satisfaction of this complaint, I order Debt Connect (U.K.) Limited, trading as Debt Connect, to:-

1. Refund to Miss Q and Mr D £4,095.44;
2. Pay Miss Q and Mr D interest on £4,095.44 which should be calculated at 8% simple per annum from the date of Miss Q and Mr D's payments to the date of settlement; and
3. Pay Miss Q and Mr D £200 compensation.

If Debt Connect (U.K.) Limited considers that tax should be deducted from the interest element of my award, it should provide Miss Q and Mr D with the appropriate tax deduction certificate so that they are able to claim a refund, if appropriate.

Roslyn Rawson
ombudsman