complaint

Mrs C complains that Daniel Chandler Limited didn't make the payments to her creditors that it agreed to make. She wants it to return the payments it didn't distribute.

Mrs C is represented in this complaint by her relative who I'll call Mr C. But to keep things simple in this decision I've said that any information sent in by Mr C was sent in by her. And any actions he took were done by her.

background

Mrs C had a debt management plan ("DMP") that was set up and administered by Daniel Chandler. She paid it a fee to do this and it in turn agreed to pay her creditors.

One of the main reasons Mrs C agreed to the DMP was because she wanted someone else to help her deal with her creditors and take away some of the hassle and distress that came from dealing directly with her creditors. So it came as a horrible surprise to her to find that although she'd been paying into the plan as agreed, by her calculations, Daniel Chandler hadn't always paid her creditors.

At first Mrs C tried to sort things out with Daniel Chandler. But she got nowhere as it wasn't replying to her. So instead she came to us.

Our adjudicator had a look at the payments that Mrs C had made to Daniel Chandler. And he also looked at what payments had gone out. He was not able to get complete information. So he made his decision on the basis of what had most likely happened. When he did this he saw that there was a difference of between the two figures. He could find no reasonable reason for this in the circumstances. On this basis he suggested the amount should be refunded with interest.

Our adjudicator also thought that it was likely that Daniel Chandler's actions caused Mrs C distress and inconvenience. He thought £250 was an appropriate award for this.

Mrs C accepted this recommendation. We've received no response from Daniel Chandler as a result the complaint was passed to me to review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've finished looking at this complaint. I'm going to uphold this complaint in part. I explain below why I've reached this conclusion.

I can only look at the part of the complaint that happened from 6 April 2007 onwards

It seems that there's no dispute that Mrs C paid Daniel Chandler to manage the DMP for her. One of the key things it had to do was make sure it paid the creditors from the payments it received.

Mrs C was a customer of Daniel Chandler for many years. But we only got power to look at these types of complaints on 6 April 2007. So I've not been able to look at the part of her complaint that relates to the time before this date. Mrs C ended her relationship with Daniel Chandler in August 2012.

there was a difference between what Mrs C paid the business and what it paid her creditors but the gap between the two figures is not as big as Mrs C thought

Mrs C was disappointed by how slowly her debt went down when Daniel Chandler was managing her DMP for her. She thought initially that the difference between what she paid it and what it paid her creditors ran into hundreds if not thousands of pounds.

But I've looked at what payments she made, what payments went out and what she owed. She was making small payments in relation to the size of her debt. She had 33 creditors and some of them continued to charge her interest despite the fact that she was in a DMP. So it's not surprising that it took so long for her debts to come down.

Further, from the information I've seen Daniel Chandler did make the vast majority of the payments it should have done and kept her informed about this. Mrs C has information that shows some payments that should have been made to the creditors were missed. But this information relates to either before 6 April 2007 or after August 2012. That is before I can look at her complaint or after she'd ended the DMP. So that information is not relevant to this complaint.

Mrs C has examined the information we've collated about the money she paid and the money that was paid out during the relevant period. She is very disappointed with the figures we've shown her. But she's not been able to provide any information that shows that these calculations are incorrect. Daniel Chandler has not responded to tell us what it thinks about the information we've collated. However, I think Daniel Chandler has had a fair chance to tell us its version of events but it seems it has chosen not to do this.

Between April 2007 and August 2012 there is a shortfall of £8,587.23 between what Mrs C paid and what Daniel Chandler paid her creditors. But then I had to take Daniel Chandlers' fees off this sum. Mrs C says the fees were £120 per month. But all the written information I've seen says the fees were in fact £130.42 per month. I don't think it is likely that the written information is wrong.

Based on the £130.42 per month figure, the fees for the relevant period were £8,477.30 (= 65 x £130.42). So the only amount unaccounted for was £109.93. I've not seen anything to suggest that Mrs C was unaware of Daniel Chandler's fees. Or that she never agreed to pay them.

So for all these reasons I think it's fair and reasonable that Daniel Chandler should refund the money it got from Mrs C but didn't send on to her creditors that is the £109.93. And interest should be added to this amount. It's not entirely clear when the shortfall began during the relevant period but there was a shortfall in every single year of the DMP. For this reason I think that the interest should run from the earliest possible date that is 6 April 2007.

it's fair and reasonable that Mrs C should get an award for distress and inconvenience

One of the benefits of a DMP is that it takes the stress out of dealing with creditors because the consumer doesn't have to deal day to day with the businesses to which they owe money. Whilst at the same time the consumer also gets peace of mind because they know that their debts are decreasing.

So I can well imagine what an awful surprise Mrs C got when she realised that not all the money she'd paid had gone to the creditors as she'd asked. Her distress can only have been made worse by Daniel Chandler's failure to get in touch with her as she asked it to. I think £250 is a fair award for this.

my final decision

My final decision is that Daniel Chandler Limited must:

- Refund the payments that Mrs C made to it minus any repayments it made to the creditors. That is it must refund £109.93.

- Add interest to the £109.93 calculated at the rate of 8% simple per year from the 6 April 2007 to the date of settlement.

- Pay £250 to Mrs C for distress and inconvenience.

Daniel Chandler Limited must pay the total compensation within 28 days of the date on which Mrs C accepts my final decision. If it pays later than this it must also pay interest on the £250 from the date of the final decision until the date of settlement at the rate of 8% simple per year.

If it considers it is legally required to deduct income tax from that interest, it must send a tax deduction certificate with the payment so that Mrs C can reclaim the tax if she is able to.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 19 February 2016.

Joyce Gordon
ombudsman