

complaint

Mr and Mrs B complain that UKMS Money Solutions Limited mis-sold them a debt management plan. They also complain that it failed to make payments to one of their debtors which led to a county court judgement ("CCJ") against Mrs B.

background

Mr and Mrs B entered into a debt management plan (DMP") in March 2010. The plan was cancelled in early 2016 when UKMS decided not to continue applying for full FCA authorisation. The cancellation of the plan was subject to a separate complaint referred to this service. As a result of that complaint, UKMS refunded all of its fees, plus interest at 8%, as a gesture of goodwill, and paid Mr and Mrs B £250 for the inconvenience caused.

Mr and Mrs B say they should've been advised to enter into an Individual Voluntary Arrangement ("IVA").

UKMS offered to pay Mr and Mrs B the court costs for the CCJ of £190 plus interest at 8% as a gesture of goodwill.

Our adjudicator didn't think the DMP had been mis-sold and she noted that, in any event, all fees had been refunded in response to Mr and Mrs B's earlier complaint. In addition to the payment to cover court fees, the adjudicator concluded UKMS should reimburse Mr and Mrs B with the six payments not made to one of their creditors, plus interest at 8%.

Mr and Mrs B didn't agree saying, in summary, that:

- UKMS told them that they would have to make 209 payments of £179 and they would then be debt free. If the plan had run the entire 209 months, it would still have left them with debts of more than £8,500.
- UKMS withheld money from one of their creditors leading to the CCJ. They should be properly compensated for this.

my findings

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

mis-sale of the DMP

I've seen evidence that UKMS did consider other options before recommending a DMP to Mr and Mrs B. They didn't have enough disposable income to qualify for an IVA, so this wouldn't have been a suitable option for them. At the outset, UKMS anticipated the plan would have to be in place for more than 17 years before Mr and Mrs B were debt free – although Mr and Mrs B say it would have taken considerably longer than this. This seems to be a long time for a debt management plan to be in place if the debt manager has been doing all it can to ensure the debt is repaid as soon as possible, bearing in mind the monthly payments must remain affordable. But the plan would've been regularly reviewed and it's likely that an agreed settlement could have been negotiated with each of the creditors at the end of the plan. So there isn't enough evidence for me to conclude that the DMP was unsuitable. Like the adjudicator, I've taken into consideration that UKMS has already refunded all of its fees in response to Mr and Mrs B's earlier complaint.

county court judgement

It isn't clear why six payments to one of Mrs B's creditors weren't paid, but I can see that Mr and Mrs B made the payments to UKMS as agreed. At the outset, Mr and Mrs B would have been told that there was no guarantee that having a DMP in place would stop their creditors pursuing them for repayment, including taking court action. But I accept it seems likely that court proceedings in this case were due to missed payments under the terms of the plan, due to no fault on Mr and Mrs B's part. Mr and Mrs B should be compensated, but I agree that the recommendation set out by our adjudicator is fair and reasonable in all the circumstances of this case.

I appreciate my decision here will come as further disappointment to Mr and Mrs B but this is the last stage in our process and should Mr and Mrs B wish to continue their dispute they will need to do so through other means.

my final decision

My final decision is that UKMS Money Solutions Limited should:

1. Pay Mr and Mrs B the equivalent of the six months missing payments (£186.96), plus interest at the simple rate of 8% per year from the date the payment should have been made to the date it makes the payment.†
2. Pay Mr and Mrs B £190 to reimburse them for the court costs, plus interest at the simple rate of 8% per year from the date of the county court judgement to the date it makes the payment.†

† HM Revenue & Customs requires UKMS to take off tax from this interest. UKMS must give Mr and Mrs B a certificate showing how much tax it's taken off if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 22 June 2017.

Elizabeth Dawes
ombudsman