

## **complaint**

Mr M complains on behalf of Mrs B that Pentagon (UK) Limited trading as Euro Debt Financial Services (Euro Debt) has mis-sold her a debt management plan.

## **background**

Mrs B agreed to a debt management plan in September 2009 following a visit to her home by a representative of Euro Debt. Mrs B says that no other options were discussed with her and she was told at the meeting that her debt would likely be cleared within 5 years. The debt management plan was set up and began in January 2010. The length of the plan was 162 months. Mrs B says that this was not suitable for her and has meant that she has been repaying her debts over a longer period. Mrs B also complains that Euro Debt has not properly administered her payments which has caused problems with one of her creditors recording adverse information on her credit file.

Our adjudicator did not recommend that the complaint should be upheld. He considered that overall Euro Debt had made Mrs B aware that the plan would last longer than 5 years. He did not consider that the plan was unsuitable for Mrs B in all the circumstances. He considered that the problem with the payments to one of Mrs B's creditors was not the fault of Euro Debt and it had now been resolved so Mrs B had not suffered any loss because of it. Mr M on behalf of Mrs B responded to say in summary that Mrs B relied entirely on what she was told during the first meeting about the length of the plan and no other options were discussed. Mr M said that the plan was clearly unsuitable for her.

## **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 there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is more likely to have happened in the light of the evidence.

The meeting between Mrs B and the representative from Euro Debt took place in 2009. According to the checklist I have seen, it lasted an hour and a half. The checklist confirms that bankruptcy/ IVA were discussed and Mrs B chose not to take those options. The checklist has been signed by Mrs B. Although Mr M on behalf of Mrs B considers that the checklist has been manufactured I think it is likely that it is a record of what was discussed during the appointment. I can understand why Mrs B can no longer recall the discussions in detail given the time that has passed.

I also need to consider whether the advice given to enter into a debt management plan was suitable for Mrs B. I can see that she had a high level of unsecured debt and this was unaffordable for her. She would have been unable to enter into an IVA because of the level of the debt and so bankruptcy would have been an alternative. This option would have had significant consequences for Mrs B and would not have been as flexible as a debt management plan. The paperwork shows that Mrs B was able to afford the repayments and made each one in full and on time. She was able to adjust the payments during the life of the plan. Mrs B also secured additional credit and was able to keep a compensation payment which would not have been possible if she had chosen bankruptcy. I think it is reasonable to conclude from the paperwork I have seen that Mrs B was given the options and chose to take a debt management plan. Overall, I am unable to conclude that it was unsuitable for her.

Mrs B complains that the length of the plan was misrepresented to her. She says that she was told in the meeting that 5 years was "typical". I think that this is likely to have been the case. At that stage the extent of the plan had not been worked out and the information given to Mrs B can only have been an estimate. The fee agreement signed by Mrs B refers to estimated fees. Although Mrs B agreed to the plan in September, it was not until December that the arrangements were finalised. Euro Debt had negotiated with Mrs B's creditors and arranged to freeze interest and charges and offered a repayment plan that had been accepted based on what was affordable. In a letter from Euro Debt dated 8 December 2009 Mrs B was told that her monthly repayments would be £127.80 and the length of the plan would be 162 months. Based on the paperwork I have seen, this is the first time that this information had been confirmed to Mrs B. I don't doubt that Mrs B was told that 5 years was "typical" but I don't think it is likely that she was told that this would be the length of her plan. I think it is reasonable to conclude from the evidence that Euro Debt made the length of the plan clear to Mrs B once it was arranged and I don't think she was misled into taking it out.

Mrs B has complained that the payments did not go to her creditors in a timely way and this has caused problems with one creditor that recorded adverse information on her credit file. I can see that this information has now been removed from the credit file. Euro Debt has confirmed that the creditor was at fault in not properly recording that the account was in a debt management plan and all interest and charges have been refunded. I have also seen confirmation from Euro Debt that Mrs B's payments were correctly sent to her creditors. In the circumstances I am unable to conclude that Euro Debt has made any error that has caused Mrs B to be out of pocket.

If Mrs B is not happy with her debt management plan then bankruptcy is still an option that is open to her if she considers that this is more suitable in her current circumstances.

### **my final decision**

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr M on behalf of Mrs B to accept or reject my decision before 10 July 2015.

Emma Boothroyd  
**ombudsman**