

## **Press Release**

June 1 2011

### **Charity says debt management fees “take people for a ride”**

Debt charity Consumer Credit Counselling Service (CCCS) is concerned that an Office of Fair Trading (OFT) report has found that debt management charges may cause consumer detriment. The OFT report published today, *Marketing and charging practices in the sub-prime credit brokerage and debt management sectors*, follows a super-complaint made by Citizens Advice. CCCS is alarmed that it found that the initial arrangement fee may act as a disincentive for debt management companies to ensure debt management plans are successfully completed.

The super-complaint asked the OFT to investigate firms that promoted credit products and services through unsolicited telephone calls and texts and that took upfront fees for credit services. CCCS has seen numerous examples of both.

Worryingly, the incidence of CCCS clients being cold called and receiving unsolicited text messages has increased recently. The vast majority of these telephone calls and texts have been from fee-charging debt management companies. Examples of bad practice by these companies include a debt management company suggesting that its fee could be paid by a credit card and another company advising against dealing with CCCS.

The charity has seen frequent cases of companies taking upfront fees for credit services, often by persuading customers to give them their banking details, and sometimes taking unauthorised deductions. There are cases where debt management companies have repaid none of the money to creditors that the debtor has paid them, despite saying that they only charge one month's fee.

Delroy Corinaldi, CCCS External Affairs Director, comments: “These firms are taking people for a ride, persuading them to buy products and services they can ill afford. We must continue to be vigilant for, and deal with, these exploitative practices. There is no need for anyone to pay for debt advice when CCCS has capacity and all our services are free.”

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**Notes to editors:**

1. CCCS’s ethos is to help the “can’t pays”, not the “won’t pays”, and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual’s situation.
2. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.
3. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
4. *CCCS Debt Remedy* is available at [www.cccs.co.uk](http://www.cccs.co.uk)
5. Follow us on Twitter: @CCCSPressOffice

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