

The complaint

Mr P has complained about the way Sky UK Limited administered a fixed sum loan agreement used to purchase a device.

What happened

The circumstances of the complaint are well known to the parties, so I won't go over everything again in detail here. But in summary, Mr P tells us he was looking to buy two new devices in July 2022. He says he tried to do this online but had issues placing two orders. I understand one device was ordered under a fixed sum loan agreement with Sky. Mr P says because of the issue he phoned the supplier who ordered two devices for him and told him to send back the original one when it arrived.

Mr P says he received the first device on 12 July 2022 and returned it within 14 days. Sky said on 20 July 2022 the device was booked in and this should have triggered a refund and cancellation of the credit agreement. But this didn't happen and the agreement kept on billing.

It looks like Sky tried to contact Mr P about the debt and he telephoned it to find out what was happening. Sky told Mr P things would be sorted out when he spoke to it in August 2022. A couple of months later Mr P complained because things weren't resolved and he says the matter caused him extra stress. He says he'd called in several times to sort things out and he felt the letters were threatening. It looks like Sky offered Mr P £30 and he wanted to consider it.

Mr P contacted Sky again in December 2022 and said he'd noticed on his credit report Sky had recorded negative information relating to the agreement for the device he'd returned. He reiterated this had been very stressful. He said he was unable to obtain an interest free credit card because of the issue and that he had to pay interest on an account because he couldn't move it. He said he'd complained to the credit reference agencies but had been told Sky needed to resolve the issue. He was also unhappy there were searches carried out by a debt recovery agent in relation to the debt and that Sky indicated there was nothing wrong.

Sky has acknowledged it should have closed the account off in July, but it didn't. It acknowledges there was misinformation given to Mr P about the information on his credit file being correct. But it said the adverse information should now be removed.

Sky offered £200 compensation for the failings, along with £264.65 for interest it said Mr P had told it he'd incurred as a result of its failings. Unhappy with the outcome, Mr P referred his complaint to our service.

Our investigator considered the complaint and thought Sky should increase the compensation by £100. This meant £300 in total for compensation and £264.65 in relation to the interest.

I can't see we've received a response from Sky. Mr P said an extra £100 for months of distress wasn't reasonable. He said he lost hours of time sorting this out over the phone and by email. He said he might look at private litigation.

As things weren't resolved the complaint has been passed to me to make a decision.

What I've decided – and why

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

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr P and Sky that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Mr P complained about the way Sky administered a fixed sum loan agreement that should have ended when the associated device was returned. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to these sorts of agreements.

It's not in dispute mistakes were made by Sky. It should have ended the credit agreement when the device was returned. It missed opportunities to resolve things when Mr P got in touch with it. And it didn't sort out the issues with the credit file as soon as it should have done.

Mr P has explained he was very worried about receiving the letters concerning the debt. He says it impacted his mental health. He's been put to the inconvenience of having to call and email to sort things out. And he's also said that he now needs to contact a third-party debt collector to remove credit searches, which is going to be difficult for him to do.

Sky said it's now ended the agreement and removed the information about it from Mr P's credit file. What's left to decide is whether it needs to pay Mr P for any financial losses he says he's incurred, along with whether it needs to pay him compensation for what went wrong.

Sky has offered Mr P £264.65 in relation to interest he says he's lost out on as a result of not being able to obtain an interest free overdraft. It said it did this on the basis of what Mr P has told it. I've not actually seen sufficient evidence that a mistake from Sky directly caused Mr P to lose out on the interest he claimed for. But seeing as though Sky has offered to reimburse him that amount, I see no reason to comment further on it or ask for further evidence to verify things.

The main thing in dispute is the amount of compensation Sky should pay Mr P. Sky offered £200 and our investigator said this should be increased to £300. Mr P has requested significantly more. Overall, I think the recommendations made by our investigator broadly seem like a fair way to put things right. Mr P has clearly been caused upset and inconvenience. He let Sky know it was very stressful, and the impact it was having on him. Matters were made worse because things weren't resolved at the first opportunity. I can appreciate Mr P doesn't think the award our investigator recommended goes far enough. I can't imagine how the situation must have made him feel. But mistakes do occur. No amount of money is going to change what happened. I acknowledge Mr P says it's taken time to resolve things. We don't normally make a specific award for someone's time. As well as being quick and informal, my role is to look at the complaint holistically and impartially. Having done so, I consider the total offer of £564.65 in relation to compensation and interest Mr P says he otherwise shouldn't have paid, to be broadly fair and reasonable in all the circumstances. I don't find I have the grounds to direct Sky to increase this.

I also note Sky has asked Mr P to contact the debt collector it referred in order to remove record of any searches it carried out. The debt collector is a separate business to Sky, so I don't think it would be practicable to direct Sky to remove the searches through this decision. But I think it would be reasonable of it to make an attempt to contact the debt collector to put in a request given what's happened. I don't see why it can't do that. If this, or Mr P's attempts don't resolve things and he ends up complaining to the debt collector, it might be something our service is able to consider.

One final thing I'll mention is that Mr P doesn't have to accept this decision, he's free to pursue the complaint by other means, such as through the courts. He indicated he's considering this. But if he wants to pursue the complaint through court *and* accept the final decision, he may wish to seek legal advice before doing so.

My final decision

My final decision is that I uphold this complaint and, to the extent it's not done so already, direct Sky UK Limited to pay Mr P £300 compensation and to reimburse him £264.65 in relation to interest he says he's had to pay as a result of its error.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 November 2023.

Simon Wingfield
Ombudsman