

The complaint

Miss A has complained about the way Vodafone Limited administered fixed sum loan agreements taken out to buy a mobile phone.

What happened

The circumstances of the complaint are well known to the parties, so I'm not going to cover off everything again in detail. But, in summary, Miss A wanted to upgrade and buy a new phone using a fixed sum loan agreement from Vodafone. She went to the store in July 2022 to collect the order but there was a problem with it from Vodafone's side. I understand she was told she'd need to wait for the order to be cancelled before she could reorder the phone.

Miss A placed another order and at this point she was unhappy the whole process had taken a couple of weeks. Because of the issue Vodafone offered to apply £55 to Miss A's account when she collected her handset to say sorry for the inconvenience. I think Miss A was also unhappy she'd received a text saying she hadn't paid her bill.

Miss A was unhappy the second phone wasn't ready straight away. And was also concerned about the impact on her credit file. It looks like there was a problem with the second order as well because of an issue with the cancellation of the first order. By this point, it had been about three weeks since she'd ordered the initial phone. I think the problem with the order also impacted Miss A's airtime services. From looking at Vodafone's notes, it looks like the issue stemmed from an agent returning Miss A's telephone number instead of moving her back to her old plan.

Towards the end of July 2022, it looks like Vodafone reconnected Miss A's number and increased its compensation offer towards her airtime account to £150. Vodafone's notes say Miss A accepted this as a resolution and said she'd call back to upgrade her handset, but she also wanted to make sure her credit file wasn't impacted.

Miss A spoke to Vodafone towards the end of July 2022 about upgrading and complained that it was showing she had money outstanding on a device plan for a phone she didn't have. I can see Vodafone asked internally to cancel the loan agreement on 1 August 2022. Miss A placed another upgrade order shortly afterwards but complained again about the overall service she'd had with the first two upgrades. It looks like Vodafone made an offer to increase the discount on her airtime bill from 10% to 15%. It later increased this to 35% on 10 August 2022.

I've next seen Miss A spoke to Vodafone in November 2022 about bills she'd received and queries she had about being behind on payments. Vodafone said she wasn't behind. Miss A called it again in February and March 2023 to discuss the overdue balance on a device plan. She was unhappy she'd been contacted by a debt collector and that one of the orders she'd not received hadn't been cancelled properly.

Vodafone sent a final response to the complaint and offered to recall the device plan that hadn't been cancelled. It corrected the associated airtime account. It said it would remove all

negative markers relating to the plan and offered £100 compensation. It's also apologised for the inconvenience caused.

Miss A referred her complaint to our service. One of our investigators said he thought the offer was fair. Miss A didn't agree, and so the complaint has been passed to me to decide.

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 that 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 the complaint quickly and with minimum formality. I want to assure Miss A and Vodafone 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.

Miss A sought to buy a phone using a fixed sum loan agreement from Vodafone. These are regulated consumer credit agreements. And our service is able to consider complaints relating to these sorts of agreements. But, as has been pointed out, I'm not able to consider complaints that solely relate to the airtime contract Miss A has with Vodafone. So I'm not going to be commenting on the issues Miss A had with regards to her airtime.

I can see why Miss A was so unhappy with the problems trying to upgrade. There were two failed attempts and Vodafone explained that due to errors made by a number of agents and a lack of investigation one of the agreements went undetected.

What this meant was that it took Miss A about a month and a half to upgrade her handset when it should have taken a matter of days. She had to visit the Vodafone store and make many calls to try to sort things out. It must have been really frustrating for her.

Vodafone offered Miss A £150 towards her airtime and a 35% discount on her airtime bill. As I've explained above, I don't have the power to consider her complaint about what happened with the airtime. But I think the offer Vodafone made in August 2022 in the round seems fair. And it looked like Miss A broadly accepted it too.

However, things weren't resolved because later Miss A found out one of the agreements hadn't been cancelled properly. So this led to adverse information being recorded on Miss A's credit file and ultimately the debt was passed to a debt collector. This must have been worrying and frustrating for Miss A. I imagine she thought things had finally been resolved back in August so to later find out about the uncanceled agreement must have been disappointing to say the least. It took longer than it should have done to sort out.

Miss A hasn't supplied evidence the negative information on her credit file has caused any financial detriment to her. So I don't need to direct Vodafone to reimburse her for financial losses as a result of the error. It's fair that Vodafone has agreed to cancel the agreement and remove record of it from her credit file. For the avoidance of doubt, it should remove all record of the agreement. I think it's right Vodafone pay her compensation for the distress and inconvenience as well. And I think, in the round, taking into account what happened and the impact on Miss A, in addition to what was offered before, £100 on top seems fair. I'm not going to direct it to do more. But Vodafone should make sure, to the extent it's not done so already, it has honoured the previous offers I've referred to in this decision.

My final decision

Vodafone Limited has offered Miss A £100 compensation and agreed to remove record of the fixed sum loan agreement from her credit file to settle the complaint. I think this is fair in all the circumstances.

So my decision is that Vodafone Limited should compensate Miss A £100 and remove record of the relevant fixed sum loan from her credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 24 October 2023.

Simon Wingfield
Ombudsman