

## The complaint

Mr S complains that Telefonica UK Limited (“Telefonica”) treated him unfairly in relation to more than one fixed sum loan he held with it.

## What happened

Mr S was provided with three fixed sum loans by Telefonica to finance the purchase of electronic devices. I understand he was also provided with separate service agreements to use each of the devices on Telefonica’s mobile network.

In September 2021 Mr S raised concerns with the network issues he says he’d experienced whilst using his devices. It seems that between then and January 2022 Mr S and Telefonica spoke about that matter a number of times.

Mr S chose to end his service agreements with Telefonica and he was told he’d therefore be required to pay the outstanding balances of his fixed sum loans in full. Mr S and Telefonica subsequently spoke about an arrangement to repay the outstanding balances, however, Mr S ultimately raised a complaint because he didn’t think that Telefonica was treating him fairly.

In response, Telefonica said that it had offered to allow Mr S to spread the remainder of the outstanding lending over a six-month period. It said Mr S had made an offer to repay £25 per month (per agreement) but later said he wanted to pay a lesser sum, and agreed for the debts to be passed to a debt collection agency. Overall, it considered it had treated Mr S fairly in the circumstances by refusing to accept an arrangement which would take more than six months.

Mr S referred a complaint to this service. He said, in summary, that Telefonica hadn’t treated him fairly by not accepting payments which would’ve taken longer than six months to repay the outstanding balances. He accepted that that he had agreed for the accounts to be passed to a debt collection agent, but said that when he made contact he was referred back to Telefonica and effectively prevented from making repayments. Mr S said he’d spent over 150 hours on the phone trying to resolve matters and considered that the information Telefonica had recorded with credit reference agencies (CRAs) was inaccurate.

Our investigator didn’t uphold the complaint. They said;

- Mr S was reasonably aware that he’d need to repay the outstanding balances of his fixed sum loans before choosing to end his network service agreements and that Telefonica would accept payments over a six month period;
- Mr S subsequently said that wasn’t suitable for him and agreed for the debts to be passed to a debt collection agent; and
- they weren’t satisfied that Mr S had been prevented from making any payments towards the debts.

Mr S maintained that the debt collection agent wouldn't accept payment from him and that the information recorded with CRAs regarding the matter was inaccurate. He asked for a decision on the case so it was passed to me.

I issued a provisional decision on the case. In summary, I said;

*The fixed sum loans Mr S complains about are regulated agreements as well as ones which this service has the power to consider complaints about. We don't, in the circumstances, have the power to consider a complaint relating to the unregulated network service agreements Mr S was given.*

*Having reviewed Mr S's fixed sum loans, I'm satisfied that they allowed Telefonica to terminate the agreements and require Mr S to repay the outstanding balances immediately in the event that an associated network service agreement was terminated.*

*Telefonica's records show that this was discussed with Mr S in January 2021 before he asked it to terminate his associated network service agreements. They also show that Telefonica had suggested it might allow Mr S up to six months to repay the outstanding balances. The records suggest that Mr S agreed to that, so I think he ought reasonably to have been aware of the payments he'd need to make, and the timeframes involved.*

*Telefonica wrote to Mr S with termination notices in late January 2021. They asked Mr S to repay the balances of his fixed sum loans within 14 days. Mr S repaid one of the loans in full, leaving the balances of two to be repaid. Mr S and Telefonica had a number of discussions about a possible arrangement to repay the balances over a longer time, but ultimately Mr S said he wasn't able to repay the lending within six months.*

*I've seen that Mr S submitted an income and expenditure report to Telefonica in which he offered to pay a total of £50 a month towards the total debt of around £500, over 10 months. However, I'm satisfied that Telefonica didn't accept this because it would've taken longer than six months to repay the balances. I'm persuaded by way of the evidence I've seen, both from Telefonica as well as Mr S, that Mr S then agreed for Telefonica to pass the balances owing to a debt collection agent to arrange a payment arrangement over a longer term.*

*Given that Telefonica was entitled under Mr S's agreement to require him to repay the outstanding lending immediately, I think that Telefonica met its obligations to treat Mr S with due consideration and forbearance by offering to allow him to repay the balances within six months. I also don't think it was unreasonable for Telefonica to have decided to pass Mr S's accounts to a debt collection agent at the point it was clear he wasn't able to meet that timeframe, and it seems Mr S was happy for it to do so.*

*Telefonica had an obligation to record accurate information regarding Mr S's accounts with CRAs. It's shown this service that in relation to both accounts, it represented where payments had not been made each month before ultimately defaulting both loans around six months from the date of the last payment.*

*There's more than one way Telefonica could've reported what had happened. For example, at the point it was clear Mr S wasn't able to repay the balances immediately (as he was required to), or at least within six months, it could've defaulted the accounts straight away. But I think by recording what it has, it's demonstrated that it allowed Mr S a reasonable chance to make payments and perhaps avoid defaults being recorded. And because Mr S failed to either repay the debts in 14 days, or within the six months that Telefonica had asked him to, I think it was reasonable for Telefonica to record defaults.*

*Mr S contends that he wasn't given sufficient information to be able to make payments, so*

*he was effectively stopped from doing so. I think that Mr S was reasonably aware that his accounts had been passed to a specific debt collection agent. The agent's provided its contact records and they show that Mr S spoke it once offering to make payment, but on the basis that adverse information was removed from his credit file. It seems a payment arrangement was not reached, and Mr S made no further offers to pay sums towards the accounts. None of the evidence I've seen persuades me that Mr S has spent an unreasonable amount of time pursuing the issue.*

*In any event, whether or not Mr S was caused to be confused about how to make payments, I think it was clear shortly after the agreements were terminated that he wouldn't be able to repay the account balances within the 14 days he was required to, or the six months that Telefonica offered to accept. So, I think it was inevitable that both the loan accounts in question were ultimately going to be defaulted. As such, I cannot fairly require Telefonica to remove either default.*

*Lastly, I'm aware that Mr S has raised some very recent concerns about confusion being caused about who to make payments to. He's said that the debt collection agent has now passed the debt back to Telefonica. Telefonica has told this service that the account is still with the debt collection agent. This isn't a point that Telefonica has had the opportunity to respond to, given that Mr S has made this point within the last month or so. As a result, I make no finding on it, but I'd nonetheless expect Telefonica to be clear with Mr S about how and where he can make payments in light of any confusion.*

*Overall, it's clear from what Mr S has said that he feels strongly about what's happened, and I appreciate that he'll likely be disappointed with my provisional decision. However, for all of the reasons explained above, I don't think that Telefonica needs to do anymore to resolve this complaint.*

Mr S disagreed with my provisional decision. He said that he'd provided evidence which showed Telefonica had caused uncertainty about where Mr S should make payments and still hadn't given him payment details. He also provided a letter from a debt collection agent, dated June 2022 which said the account was on hold. He pointed out that if Telefonica had been clearer about where payments needed to be made, he could've repaid the debts by now. Mr S maintained that the information Telefonica recorded on his credit file was inaccurate as the two accounts had been defaulted on different dates.

Telefonica accepted my provisional decision. It clarified that Mr S's accounts had been passed back to it in February 2023 and provided our investigator with payment details to pass to Mr S.

The case has been passed back to me to make my final 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.

The complaint I need to address here – and the one which Mr S raised with Telefonica – is about whether Mr S was treated fairly at the point his fixed sum loans were terminated. That extends to whether Telefonica recorded accurate information about those loans on Mr S's credit file. It doesn't, however, cover more recent issues Mr S has raised about being given ambiguous information about where to make payments. Should Mr S wish to pursue that point, he might be able to raise it as a further complaint.

Having considered the responses to my provisional decision, I remain of the view that

Telefonica was entitled to ask Mr S to repay the outstanding balances of his fixed sum loans immediately. I'm satisfied Mr S was aware of this before deciding to terminate them.

I'm also satisfied that Telefonica allowed Mr S a reasonable opportunity to repay the outstanding balances of his loan, and when it was clear Mr S wasn't able to do this, it passed the accounts to a debt collection agent, which Mr S agreed with at the time.

The evidence I've been provided shows that Mr S made contact with the debt collection agent but declined to make payment unless it was willing to come to an arrangement to remove adverse information from his credit file. I'm also satisfied that Mr S was reasonably aware of where and how to repay the outstanding balances of his loans after they'd been passed to a debt collection agent.

The letter Mr S has provided from the debt collection agent, dated 13 June 2022, acknowledges that he had made a complaint to Telefonica and said that its accounts would be placed on hold until it received further instruction. It also mentioned that Mr S could contact it directly about payments in the meantime.

At this point I don't think that Mr S ought to have been under the impression that it wasn't necessary for him to repay the outstanding balances of his loans. From everything he's said, I think that Mr S accepts that. From everything I've seen, I think Mr S ought reasonably to have been aware that to make payments towards his accounts it was necessary to do so by contacting the debit collection agent which held them. Its records don't show that Mr S did that, other than the occasion mentioned above during which he declined to make payment.

Given all of the above, I'm not satisfied that Mr S was prevented from making any payments, at the very least, up until the point when the accounts were defaulted. It follows that as Mr S didn't make any payments towards the debts, it was reasonable for Telefonica to report that information on Mr S's credit file, as well as subsequently record defaults. I'm also satisfied that both accounts were defaulted within around a month of each other, and both around six months from the date the last payments were made, which I think is reasonable, given the circumstances.

Overall, I remain of the view that Telefonica treated Mr S fairly in the circumstances of this complaint.

### **My final decision**

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 April 2023.

Stephen Trapp  
**Ombudsman**