

The complaint

Mr R has complained about the way Vodafone Limited administered a fixed sum loan agreement.

What happened

The events of the complaint are well known to both parties, so I'm not going to go over everything again in detail. But in summary:

- Mr R bought a mobile phone using a fixed sum loan agreement with Vodafone in 2021. The phone cost around £900 and he was to pay the loan back with £24 payments over three years. Mr R also has other agreements with Vodafone including airtime agreements.
- In May 2022 Mr R contacted Vodafone to change the bank details for his direct debit. Vodafone changed details for his airtime but not the fixed sum loan.
- Mr R says he didn't realise he started to miss payments towards the fixed sum loan. He thought everything was in order.
- Vodafone started to write to Mr R about the missed payments from August 2022 onwards. It ended up defaulting and terminating the agreement because it didn't hear back from Mr R.
- Mr R contacted Vodafone in January 2023 to discuss an upgrade but was informed about the arrears, and that he needed to clear the balance in full. Mr R complained.
- Vodafone responded to acknowledge it made a mistake. It gave Mr R £200 credit towards his airtime. Initially it didn't agree to remove the adverse information from Mr R's credit file because it had written to Mr R about the missed payments and that it was his responsibility to monitor the account.
- Mr R brought his complaint to our service to consider. Vodafone agreed to reinstate Mr R's £24 monthly payment. And it said it would remove negative credit file markers from May to September 2022 as this is when Mr R should have realised he needed to amend the direct debit.
- Our investigator looked into things and said she thought Vodafone's offer was broadly fair. Mr R didn't agree. He said he contact Vodafone in 2022 and wasn't told about the issue. He says the offer wasn't fair.

As things couldn't be resolved, the complaint was passed to me to make a decision. I arranged to contact the parties to say that I acknowledge Vodafone tried to contact Mr R about the missed payments and that what was reported was technically accurate. But I also explained that the issue stemmed from a mistake from Vodafone. And Vodafone itself said had it updated the direct debit correctly Mr R wouldn't have missed payments. I explained that it's likely Mr R simply thought things were in order, and probably didn't notice the correspondence from Vodafone. I also highlighted that in addition to reporting accurate information, it also needs to be fair.

I said to the parties that I thought the £200 put towards the airtime account broadly seems fair in all the circumstances. And that given what I've said above, I proposed Vodafone:

- Remove the default.
- Allow Mr R to reinstate his £24 monthly payment.
- Remove all adverse information on the account once the arrears are cleared.

Vodafone accepted the resolution. Mr R said he would accept the resolution only if his credit file is repaired. But he was still unhappy with the compensation.

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.

Vodafone is reporting information to the credit reference agencies relating to Mr R's regulated fixed sum loan agreement. Our service is able to consider complaints relating to these sorts of agreements.

I've set out to the parties why I thought the adverse information should be removed if the arrears are cleared. Vodafone accepts the initial mistake it made. And I take on board it wrote to Mr R about the arrears. So, at the time, it wasn't unfair of it to report accurate information relating to missed payments. But in all the circumstances, I didn't think this was a true reflection of how Mr R managed this credit commitment. I think it was a mistake, and Mr R simply didn't notice the arrears or the communication about them – probably because he thought everything was in order. He's a long-time customer of Vodafone and he's said he's not had any issues before.

However, as I've said to Vodafone, the reporting to the credit reference agencies needs to be fair as well as accurate. So I consider, in this particular case, the default should be removed and the other adverse credit reference information is removed when the arrears are cleared. I agree on balance Mr R wouldn't have missed any payments had it not been for the mistake with the direct debit. Mr R should also be able to continue his monthly payments. I think this is a fair outcome for all parties involved.

I appreciate Mr R doesn't think the £200 was sufficient. But I have to be mindful that things would've been resolved much sooner had he noticed the contact from Vodafone about the missed payments. And Vodafone's point about customers being responsible for monitoring their accounts is a fair one. So while I don't doubt he's been caused some inconvenience, this wasn't solely as a result of Vodafone's initial mistake. I don't find I have the grounds to direct Vodafone to do more.

Putting things right

I direct Vodafone Limited to:

- Remove the default.
- Allow Mr R to reinstate his £24 monthly payment.
- Remove all adverse information with the credit reference agencies about the missed payments once the arrears are cleared.

I understand the £200 compensation has already been applied, but if that's not right, Vodafone should also take that step. If Mr R is going to accept this decision, he should contact Vodafone to put his monthly payment back in place.

My final decision

My final decision is that I uphold this complaint and direct Vodafone Limited to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 September 2023.

Simon Wingfield
Ombudsman