

The complaint

Miss C has complained Telefonica UK Limited, trading as O2, opened a fraudulent account in her name and delayed removing adverse information from her credit file.

What happened

Miss C received a letter from O2, dated 26 January 2023, welcoming her as a customer, except she'd not taken out a mobile handset or an airtime contract with them. She contacted them immediately and was told it would take them 5-7 working days to sort things out.

Over the next four months despite contacting O2 a number of times, Miss C got no confirmation this was sorted until an email, dated 27 July 2023. Within this period, she'd also been in touch with a third party that O2 had passed the debt collection onto.

Miss C brought her complaint to the ombudsman service. When we raised this with O2, they offered Miss C £75 for the problems caused. She remained upset by what had happened as this coincided with a home move when she was worried about the impact on her credit record.

Our investigator reviewed what had happened. He believed the impact on Miss C was serious enough for O2 to pay her £200 in compensation.

Miss C accepted this outcome. O2 believed that £100 was right and wouldn't agree to paying more.

Miss C's complaint has been referred to an ombudsman.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

O2 accepts that accounts (airtime and mobile handset) were opened fraudulently in Miss C's name. They can't explain how this happened other than at the time they believe there was nothing wrong with the applications.

I appreciate the anxiety this caused Miss C. Moving home is always a worrying time and she believed she had to spend a disproportionate time sorting out fraudulent accounts despite her confirming the problems to O2 as soon as she became aware they existed.

Miss C was therefore concerned at the time it took for O2 to confirm the accounts were closed when she was initially told this would only take five to seven days. In fact, I can see O2 only sorted out the fraudulent accounts on 6 June 2023 – which was coincidentally the day after they received a detailed email from Miss C outlining her concerns. This has rather led me to wonder whether this coincidental timing meant this was the first time this issue was actually referred to O2's fraud team.

As it took O2 four months to close the account, it's obvious there remained an impact on Miss C's credit record throughout that time period. As O2 continued to behave as if this was a valid account, this included sending notices of default to Miss C and passing the debt to a third-party collection agency.

This came at a very unfortunate time for Miss C as I've explained above, and I can see why she remained anxious throughout this period. Particularly as she's been concerned about the longer-term affect this may have had on her credit score.

Putting things right

Having decided that O2 delayed sorting out Miss C's fraudulent account and credit record and that this had a serious impact on her, I'm asking O2 to pay her a total of £200 compensation. I believe this amount is in line with what is fair and reasonable, taking into account the impact on Miss C.

My final decision

For the reasons given, my final decision is to instruct Telefonica UK Limited, trading as O2, to pay Miss C a total of £200 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 March 2024.

Sandra Quinn
Ombudsman