

The complaint

Ms P's complaint is about charges made for a mobile phone insurance policy by Vodafone Limited.

What happened

Ms P had an insurance policy for her mobile phone. In 2018 she visited a store to change her phone. She was unaware at the time but she was sold another insurance policy by Vodafone Limited with the new phone and discovered later that she was paying for two insurance policies.

Ms P said she spent significant time trying to resolve this. She had to visit the store many times and spent hours on the phone but eventually, in 2020, Vodafone agreed to cancel the second insurance contract and refund the charges paid so far. However, Ms P says that she continued to be charged for the second insurance policy. Ms P says she spent hours calling Vodafone over the next three years, each time being reassured the bills would stop and the matter resolved but continued to be charged. Ms P says her credit file was adversely affected, as it showed arrears on the insurance account which impacted her financially and debt collection agencies had been involved. Ms P says it has also been extremely stressful for her.

Vodafone says that the insurance was cancelled on its account management system but not on its billing system, due to a "*system error*". Vodafone also says that as the insurance was showing as cancelled on its account system, its agents would not have realised what was happening, which is why Ms P was misadvised whenever she contacted it about the matter.

In June 2023, in its final response to Ms P's complaint, Vodafone confirmed it had removed the insurance from its billing system and cleared the arrears that were showing on the account at that time of £212.84. Vodafone also confirmed it had recalled the debt collection agencies and arranged to remove all negative information about this contract from Ms P's credit file. Vodafone also apologised and offered Mr P £100 compensation, later increased to £150, for the trouble caused.

One of our Investigators looked into the matter. He recommended the complaint be upheld and that Vodafone pay £300 compensation for the impact this matter had on Mrs P.

Vodafone confirmed it accepted the Investigator's proposal to pay £300 but Ms P did not accept it was sufficient to reflect the trouble caused to her. In addition, Ms P informed the Investigator that she was still receiving bills from Vodafone. The bills were each month for £0.01 but were continuing to cause her distress, as she says she is still on its billing system when she has not been a customer for several years and it has assured her she has been removed from its systems.

Vodafone said that there was £0.01 still showing on Ms P's account and this was being carried over each month. It said on 9 February 2024 that this had been rectified and Ms P would not receive any more bills.

The Investigator reconsidered the matter and given the ongoing issues and the impact on Ms P's credit rating and debt collection agency involvement, he recommended the compensation be increased to £750.

Vodafone does not accept the Investigator's assessment, as it considers the £300 to be sufficient to compensate for the errors made and the more recent bills had not impacted Ms P financially.

Ms P informed the Investigator that despite all assurances from Vodafone, she received another bill for £0.01 in late February 2024.

As the Investigator was unable to resolve this matter, it has been passed to me.

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 can see Ms P cancelled the insurance in March 2020 but was still charged for it until mid 2023. I can also see that she contacted Vodafone about this several times during that period. Each time, it is recorded that it would credit her account so there were no arrears and she was assured it would not happen again but it continued in total for over three years.

This affected Ms P's credit score, as the account was recorded as being in arrears. In addition, there was a debt collection action raised against Ms P, even though Vodafone was aware she was being incorrectly charged.

I have no doubt this was extremely stressful for Ms P. She tried her best to get Vodafone to resolve the matter and was assured over and over that it would be. The impact of these repeated failings on Vodafone's part went on for a considerable period of time.

In addition, even after the complaint was brought to us, Vodafone still sent several more bills to Ms P. Albeit these were for £0.01, I can understand that, given all that had gone before, this would have caused additional distress and inconvenience to Ms P and concern that the matter was not resolved.

Vodafone has assured the Investigator this has stopped and said in February 2024 that there might be one more billing cycle. I trust that is the case but for the avoidance of doubt, this decision covers events up to the date it is issued. If there are any other issues with this matter after this decision, Ms P can bring a new complaint if they are not resolved to her satisfaction by Vodafone.

For the events to date, I agree with the Investigator that the sum of £750 compensation is appropriate for the continued distress and inconvenience caused to Ms P by Vodafone's handling of her insurance.

My final decision

I uphold this complaint and require Vodafone Limited to pay Ms P the sum of £750 compensation for the distress and inconvenience caused by its handling of her insurance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 25 April 2024.

Harriet McCarthy
Ombudsman