

The complaint

Mr L has complained that Telefonica UK Limited trading as O2 misled him about the reporting on his credit file of a fixed sum loan agreement he'd taken out to buy a device.

What happened

The circumstances of the complaint are well known so I'm not going to go over everything again in detail. But to summarise, Mr L bought a device using a fixed sum loan agreement in April 2023. He said O2 told him the loan wouldn't show on his credit file. He later found out it was, so complained. He requested O2 remove the entry from his credit file; to be allowed to come out of the agreement; and for compensation for the trouble and upset.

In August 2023 O2 said it was unable to amend the credit file but offered £50 as a gesture of goodwill. From what I've seen, Mr L wrote back in November 2023 to ask for a copy of the sales call but didn't hear back. He referred his complaint to the Financial Ombudsman at the same time. I understand the sales call recording was no longer available because O2 only retained it for six months.

One of our investigators looked into things and said it's normally the case that all regulated loans are recorded on a customer's credit file. She couldn't see why the O2 loan would be excluded from that reporting. She reviewed the terms of the agreement and thought Mr L ought reasonably to have known O2 would report information on his credit file. She said had O2 told him on the phone the loan wouldn't be reported on the credit file, she'd have expected him to query why the terms were different on the loan agreement. She didn't make any further recommendations.

Mr L asked for an ombudsman's decision because he said it wasn't his fault the case took so long to resolve that the call wasn't available. Our investigator said that when Mr L initially asked for the call to be reviewed (in November 2023) it was already not available. As things weren't resolved, 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. It's important to note I'm required to decide the complaint quickly and with minimum formality. I want to assure Mr L and O2 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.

Mr L bought the device using a fixed sum loan agreement from O2. These are regulated consumer credit agreements and our service is able to consider complaints relating to these sorts of agreements.

Like our investigator pointed out, fixed sum loans like the one Mr L took out to buy the device are generally reported on the customer's credit files. And O2 has reported Mr L's loan to the credit reference agencies. It would have been incorrect, and curious, for the O2 advisor to have told Mr L it wouldn't be recorded on his credit file. Without being able to hear the call recording, I'll never know for certain if O2 misled him. So I've thought about the other evidence that's available.

Like our investigator pointed out, the terms of the credit agreement that Mr L agreed to set out O2 may share data with third parties, and that his information would be treated in accordance with its privacy policy. The terms and conditions/privacy policy set out O2 could share information with credit reference agencies. It said it exchanges information with credit reference agencies on payment performance and the customer's financial situation on an ongoing basis. I therefore think O2 could fairly report information to the credit reference agencies in line with the credit agreement that Mr L agreed to.

Mr L is now around halfway through his agreement. If he's been maintaining his payments, there's unlikely to have been detriment caused to his credit file by having the loan reported, which I know was a concern of his. The reporting of the loan is accurate. I'd like to have been more certain O2 misled Mr L about whether it would report to the credit reference agencies. And given the terms Mr L agreed to said it could report to the credit reference agencies, I don't find I have the grounds to direct it to remove that reporting.

I agree it looks like O2 should have responded to Mr L's request in November 2023 when he asked for a copy of the call recording. I've not seen it did. But in any event, it has offered £50 compensation. So even if it didn't respond, I think the compensation is broadly fair in the circumstances. I make no further directions.

My final decision

Telefonica UK Limited trading as O2 has offered £50 compensation, which I think is fair in all the circumstances. So my decision is that I direct O2, to the extent not done so already, to compensate Mr L £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 November 2024.

Simon Wingfield

Ombudsman