

## **The complaint**

Mr B has complained that full cover insurance wasn't added when he bought a phone using a fixed sum loan agreement with Telefonica UK Limited trading as O2.

## **What happened**

In April 2023 Mr B bought a phone using a fixed sum loan agreement with O2. He said he requested full cover insurance at the time and that O2 made a mistake by only adding insurance that covered accidental damage related issues for the phone or accessories.

I understand Mr B contacted O2 in December 2023 because he says he left the phone with a third party, and they refused to hand it back. Mr B said he thought this was theft and so should be covered by the insurance he thought he'd arranged. He said he arranged for a block to be put on the phone. O2 refused to help because Mr B had accidental damage insurance. And it said even if he had full cover the situation wouldn't have been covered. It didn't deem the phone lost or stolen because it said he'd given it to the third party to use.

Mr B wasn't happy and referred his complaint to the Financial Ombudsman. He also complained about the service received from O2's agents when he asked for help and raised his complaint. O2 said it wasn't making any offers in relation to the insurance aspect of the complaint, but it said its contact notes referred to a call being disconnected so it offered £75 compensation.

One of our investigators looked into things and asked if O2 wanted to increase its compensation offer given the impact of the way things were handled on Mr B. O2 agreed to offer £150 compensation which our investigator thought was fair. But our investigator didn't recommend anything else. She said she didn't know what was spoken about at the point of sale. And that the pre contract information would have been presented to help Mr B make an informed decision. She also said Mr B had 14 days to cancel if he was unhappy with what was included. She also thought Mr B had to tick a box to confirm receipt of pre contract and key information. She said full insurance wasn't included and also thought the issue might be a civil matter between Mr B and the third party.

Mr B didn't agree. He thought O2 hadn't been truthful and that he'd tried to contact it several times. He reiterated the insurance was mis-sold.

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 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. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr B 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 B bought the device using a regulated fixed sum loan agreement, and our service is able to consider complaints relating to these sorts of consumer credit agreements. O2 can be held responsible for antecedent negotiations it carried out with Mr B in relation to the making of the agreement.

I'll never know exactly what Mr B and O2 discussed when he bought the phone. But I've thought about what Mr B has said and looked at the other evidence available.

On the one hand, Mr B has said he had other devices with full cover insurance with O2. And that he asked for full cover. But on the other hand, O2 has said full cover wasn't included. I've therefore had to consider the other evidence available.

I have to bear in mind the airtime agreement Mr B signed indicates it was only accidental damage insurance cover that was added at £9 per month. O2 has said the insurance needs to be selected through a positive step by the customer and that Mr B had the time to review things. I also have to bear in mind Mr B had a 14-day cancellation period if he wasn't happy with what was included.

On balance, while I know Mr B will be disappointed, I don't find I've seen sufficient evidence to conclude O2 is responsible for something going wrong when Mr B bought the phone. Moreover, even if Mr B did have full insurance cover, it's not clear the type of claim he made would have been successful. But as the full cover insurance wasn't added, I don't need to make a finding on that in this decision.

For the reasons given above, I'm not going to direct O2 to take any action in relation to the allegedly mis-sold insurance cover.

I've also thought about the level of compensation offered by O2. Mr B has indicated he was unhappy with how O2 dealt with things and that he had to make several calls to try to sort things out. Unfortunately, the calls are no longer available for me to listen to. So it's again hard to reach firm conclusions on what went wrong.

O2 acknowledged it could have handled things better. And Mr B has explained how unhappy he was with how he was spoken to. O2 agreed to increase its offer of compensation from £75 to £150. On balance, this seems broadly fair if certain calls weren't handled reasonably. I don't have the grounds to direct O2 to do more.

### **My final decision**

My final decision is that I uphold this complaint and, to the extent it's not done so already, direct Telefonica UK Limited trading as O2 to pay Mr B £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 July 2024.

Simon Wingfield

**Ombudsman**