

The complaint

Mr W has complained about the way Vodafone Limited administered a fixed sum loan agreement he'd taken out to buy a device.

What happened

In January 2024 Mr W referred a complaint to the Financial Ombudsman about the mismanagement of his direct debit payments relating to two fixed sum loan agreements he had with Vodafone. He'd taken out the agreements to buy devices in October 2022. He said over the previous few months his direct debit was cancelled without his consent or instruction from his bank.

Vodafone hadn't upheld the complaint because it said it didn't have the capability to cancel direct debit payments. But it said it added £100 compensation to Mr W's airtime account to say sorry for any inconvenience caused.

In his complaint Mr W said Vodafone's investigation into what went wrong was inadequate. He said the compensation wasn't reflective of the impact on him of what went wrong. He said Vodafone failed to take ownership of the issue. He requested his complaint was reviewed; appropriate compensation (write-off of all contracts with Vodafone); and assurances to prevent a reoccurrence for him and other customers. Mr W also supplied a letter from his bank to say its records showed Vodafone caused the cancellation.

Vodafone looked into things when sending us its business file and said after reviewing the mandate history there were some system irregularities. It said it agreed to compensate Mr W £240 which it thought was fair. It highlighted it had also compensated Mr W £20 in January 2023 separately when he'd previously raised concerns about the direct debit.

Our investigator put Vodafone's response to Mr W, and he said he had to open another bank account which he used to set up a recurring card payment to Vodafone to resolve the issue. He explained a little bit more about what happened in that he had two credit agreements (device plans) with Vodafone and two airtime contracts. He said Vodafone were able to put both airtime contracts through the same direct debit, but there was an issue with having two device plans. He also said Vodafone had reported missed payments.

Our investigator sent his assessment and said it didn't seem to be in dispute Mr W experienced issues with his direct debits for the device plans. He noted Vodafone initially didn't think it had made an error, but that it had subsequently acknowledged system irregularities with how its systems were communicating with each other. He said Vodafone had explained the payment method on its front-end system was set to debit card when it should have been set to direct debit for one of the agreements. He said Vodafone had told him it had taken steps to make sure the problem was fixed. He agreed Vodafone made a mistake, but he thought the overall offer of £240 compensation in 2024 was fair.

Mr W disagreed and said he'd only received £100 compensation in 2024. He also reiterated previous points he was unhappy about. Vodafone said it credited an extra £140 to his airtime account which should be reflected around June 2024. It also said it would be willing to refund

Mr W for any available credit balance if he'd prefer. Mr W said the misinformation from Vodafone, particularly regarding the compensation amount were significant and shouldn't be dismissed.

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 W and Vodafone 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 W bought devices using a fixed sum loan agreement from Vodafone. These are regulated consumer credit agreements. And our service is able to consider complaints relating to these sorts of agreements. But, for completeness, I should point out I'm not able to consider complaints that solely relate to the airtime contracts Mr W has with Vodafone.

Vodafone has explained there's been no adverse information recorded on Mr W's credit file in relation to the device plans. So I don't need to make any directions in relation to that.

Like our investigator pointed out, it doesn't seem to be in dispute that something went wrong with Mr W's direct debit. And given Vodafone has now indicated there was a system error, it seems as though the problem was with Vodafone. Vodafone has said it worked out what the issue was. And Mr W has said he came up with a solution through paying from a different bank account. So I hope that going forwards, Mr W won't have the same issue. But for the avoidance of doubt, under this complaint, I can only look at what happened up to when Vodafone sent its final response letter to Mr W. And I'm only considering Mr W's complaint, and not other customers' complaints. I can't guarantee there'll be no future issues for Mr W. But he will be able to raise a complaint in future if required, and if Vodafone can't resolve matters, it might be something our service can consider.

What I need to decide is what Vodafone needs to do to put things right. So I've considered the impact of what went wrong on Mr W. Understandably Mr W was unhappy and felt fobbed off when Vodafone didn't take ownership of what was going wrong. He had issues for several months. There were some months throughout the year he sent several messages to Vodafone asking for help. He felt the need to contact his bank to complain based on what Vodafone had been saying. He said he had to make alternative arrangements to make payment for one of the device plans. And there was confusion from Vodafone around what it was going to pay, and what it had paid by way of compensation. Mr W has been put to inconvenience, and it must have been very frustrating for him. I agree compensation is warranted.

Mr W previously requested Vodafone write off his contracts, but I don't find there's the grounds to direct it to do that. No amount of money can change what's happened. But Vodafone has compensated Mr W £240 in 2024. I understand it also compensated him £20 in 2023. This is broadly in line with what's awarded where there has been repeated small errors requiring reasonable effort to sort out. While there's no exact science, and while I understand Mr W may not agree, in the round, I think the compensation seems fair in the

circumstances. I'm not going to direct it to do more. I hope now that the repayments seem to be in order, he's able to draw a line under things.

My final decision

Vodafone Limited has offered £240 to settle the complaint raised in 2024 and I think this offer is fair in all the circumstances.

So my decision is that I uphold this complaint and, to the extent it's not done so already, direct Vodafone Limited to compensate Mr W £240. If this has already been paid, Vodafone Limited doesn't need to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 November 2024.

Simon Wingfield
Ombudsman