

The complaint

Miss B complains about a fixed sum loan agreement with EE Limited that was used to buy a brand new mobile telephone device.

Throughout Miss B's complaint with us, she has been represented by her partner. But for ease, I'll just refer to Miss B.

What happened

In August 2023, Miss B called EE and took out a fixed sum loan agreement with them to buy a brand new mobile telephone device. The cash price of the device was £1,524 and the agreement was due to be paid back with 24 payments of £63.50.

As part of a deal with EE, Miss B intended to sell to them a used handset. The proceeds of that handset would be used to reduce the cash price of her new device and in turn, reduce the monthly repayments of the fixed sum loan.

EE provided Miss B with a pre-paid envelope for her to send them the handset to get an accurate valuation. During the sales call, EE's agent told Miss B that because of the potential value of the handset, they recommended that she pay a cost, to post it by special delivery.

Once Miss B received the pre-paid envelope, EE say she also received written instructions which reinforced what she was told about using special delivery during the sales call. However, Miss B's records show she didn't pay for a special delivery and instead used the pre-paid envelope.

Several days later, Miss B called EE to check about the valuation of the handset. EE explained to Miss B that they hadn't received the handset, and it was still at the Post Office where she had dropped it off.

Unfortunately, the Post Office couldn't find the envelope and said that Miss B's handset was lost. Additionally, because EE didn't have the handset to value, it meant the cash price of Miss B's new device remained the same. So, Miss B complained to EE and said she had done all she could to keep her part of the deal.

In their final response to Miss B's complaint, EE said Miss B chose not to follow their recommendation and may need to pursue her concerns with the Post Office branch she took her handset to. EE also said that they had managed to successfully claim £150 from the Post Office, under the pre-paid envelope scheme they use. EE then paid the £150 to the airtime services account in Miss B's name. Miss B didn't accept this and brought her complaint to our service.

One of our investigators looked into Miss B's case and found that EE had treated Miss B fairly, in holding her responsible for the full amount due under the fixed sum loan agreement. But, she concluded that EE should allow Miss B to use the £150 to reduce the balance of the loan, rather than it being used to pay towards the airtime services account.

EE accepted the investigator's findings, but Miss B didn't. She said she wasn't told to use the special delivery service. The investigator didn't change her conclusions and now Miss B's complaint has been passed to me to make a final decision.

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 where I've summarised the events of this complaint. I don't intend any discourtesy by this, it just reflects the informal nature of our service. I'm required to resolve complaints quickly and with minimum formality. I want to assure Miss B and EE 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.

Miss B bought the brand new device using a regulated fixed sum loan agreement, and our service is able to deal with complaints relating to these sorts of agreements. From what I can see, EE was the supplier of the device as well as the creditor.

The posting of Miss B's used handset

During our investigation, Miss B explained that she intended to sell an older handset to EE, who would then use the proceeds to reduce the cost of the brand new device. Miss B says she thinks the older handset had a value of around £600.

I've listened to a recording of the call Miss B had with EE in August 2023, where she chose to make a model of her new device. Within that call, the agent gave Miss B information about the process to return the old handset for valuation. The agent recommended that in view of the potential value of Miss B's old handset, she should pay for the insured option, rather than the standard pre-paid envelope.

Additionally, EE have sent us a copy of the pre-paid envelope and the enclosed instructions they say would have been sent to Miss B. I can see that under 'Posting Method' the instructions say:

"In regards to higher value devices we strongly recommend you use the special delivery option."

The instructions go on to explain that a special delivery costs £7.25 and can compensate up to £500 for lost items.

Miss B has provided us with a receipt from the Post Office branch which shows she sent the used handset to EE, using the pre-paid envelope only. So, I think this shows that Miss B didn't use the recommended special delivery service.

Having carefully considered everything, I can see where Miss B was trying to reduce the cost of her new handset with EE. I empathise with Miss B, in that I can see she took steps to try and secure the best deal before she entered into the loan agreement. But, I think EE took reasonable action to make Miss B aware of the risks involved and the method of postage she should use, considering the potential value of the used handset.

In all the circumstances, I don't think EE caused the loss of the handset Miss B intended to sell, or that they gave Miss B misleading or incorrect information about the process to send them the handset. Overall, I think EE have treated Miss B fairly when they have declined to

pay her for the cost of that handset, to reduce the balance of the fixed sum loan agreement.

I do of course recognise that this still leaves Miss B with a missing handset. And from what all parties have said, it seems the handset didn't leave the Post Office branch Miss B used. So, I leave it to Miss B to contact that branch if she hasn't done so already, as they may have a complaint process she can use.

Furthermore, I realise that my conclusions mean there will still be an outstanding balance owed by Miss B under the fixed sum loan agreement with EE. So, I remind EE of their responsibility to treat Miss B's financial circumstances with due consideration and forbearance. This may mean looking at Miss B's income and expenditure details to talk about any repayment options they are able to offer her.

The £150 insurance claim

EE have told us that because of the arrangements they have with the Post Office, they successfully claimed £150 for the loss of the pre-paid envelope. I can see from EE's records where they paid £150 to Miss B's airtime services agreement in November 2023.

However, the item within the pre-paid envelope belonged to Miss B. So, after our involvement, EE has offered to remove the £150 payment from Miss B's airtime services account and pay it to the balance of the fixed sum loan agreement. Having thought about all that has happened here, I think EE's proposal is fair, as it supports the steps Miss B was trying to achieve by selling her used device to EE.

I should point out, that by removing funds from Miss B's airtime services account, it may mean that account will enter into arrears. So, Miss B will need to be aware of how that action will impact what she will owe to her airtime services account.

Putting things right

For these reasons, I require EE Limited to remove the £150 credited to Miss B's airtime service account on 9 November 2023, and apply it to the outstanding balance owed under Miss B's fixed sum loan agreement.

My final decision

My final decision is that I uphold this complaint and require EE Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 March 2025.

Sam Wedderburn
Ombudsman