

The complaint

Mr T complains about how Vodafone Limited treated him, when he encountered difficulties making repayments towards two fixed sum loan agreements.

What happened

In May 2022, Mr T took out two fixed sum loan agreements with Vodafone, to pay for two brand new mobile telephone devices. The agreements mirrored each other, in that both devices had a cash price of £1,309 and Mr T made upfront payments of £49 towards each. Under the two agreements, Mr T was scheduled to make 23 monthly payments of £52.50.

Unfortunately, in January 2023 Mr T's financial circumstances changed. So, he tried to reach a repayment arrangement with Vodafone. Over the next few months, Vodafone agreed to change the repayment date, accepted delayed payments and sent several notices of arrears to Mr T. Eventually, Vodafone explained to Mr T that they could not accept the level of payment he was proposing. So, Vodafone passed each loan to a debt recovery agent.

Mr T says that he tried to call the debt recovery agent to arrange an affordable repayment plan, but was told they had passed both accounts back to Vodafone. And that when he called Vodafone, they said the debts were still with the agent. Mr T says that he wasn't treated fairly because he wasn't able to make repayments to either account. So, he complained to Vodafone.

In their final response to Mr T's complaint, Vodafone said payments had been missed to the fixed sum loan agreements and that notices were sent to Mr T, to tell him how to make up any arrears. Because of this, they said they cannot change the information reported with credit reference agencies about the missed payments.

Vodafone also said that Mr T would need to make an arrangement with the debt recovery agent, as they have terminated both fixed sum loan agreements. However, Vodafone acknowledged where they could have been clearer with Mr T and credited his airtime services account with £59. Mr T didn't accept this and brought his complaint to us.

One of our investigators looked into Mr T's case and concluded that Vodafone needed to do more. Overall, she found that it was fair for the missed payment details to be recorded with credit reference agencies and that Mr T now had the correct information to set up a repayment plan. But, she also said that Vodafone had caused confusion at a time when Mr T was trying to make a payment towards the fixed sum loans. So, she asked Vodafone to pay Mr T £200 for the distress and inconvenience caused.

Vodafone accepted the investigator's findings, but Mr T didn't. He said Vodafone should remove the adverse information from his credit file and increase the level of the payment for distress and inconvenience he experienced.

The investigator didn't change her conclusions and now Mr T'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.

This case is about two fixed sum loan agreements that Mr T took out with Vodafone. These agreements are regulated financial products. As such, we are able to consider complaints about them.

Before I move on, I'd like Mr T to know that I empathise with the extremely difficult personal circumstances that led to him needing Vodafone's help at the start of 2023. It must have been a very upsetting time for Mr T, and I hope things have improved in the time that has passed since then.

The missed payments on Mr T's loan accounts

Vodafone have provided us with their records of the correspondence with Mr T since the start of the fixed sum loan agreements. I can see from those records that from May 2022 until the termination of each agreement in 2023, Vodafone sent around eighteen notices to Mr T. This correspondence was a mixture of missed payment, arrears and default notices.

Each letter gave Mr T information on how much he needed to pay to satisfy the arrears. Additionally, the correspondence gave Mr T instruction on the repayment options available.

I can also see from Vodafone's records where Mr T had been in touch with them to talk about his device and airtime agreements. Vodafone's notes show where Mr T spoke to Vodafone about changing the repayment dates, making lower repayments and asked for help with his financial circumstances.

Overall, I think Mr T spoke to Vodafone frequently while the fixed sum loan agreements remained active. On balance, I think the nature of those conversations were in response to the notices sent to Mr T by Vodafone, because of the arrears on each of his loan accounts. And while I acknowledge where Mr T has tried to make payments towards the arrears, I don't think he ever brought his accounts back up to date. In other words, the loan accounts remained in arrears.

Having considered everything, I don't think it would be fair to ask Vodafone to remove any adverse information they passed to credit reference agencies. Against this background, I think Vodafone have treated Mr T fairly here.

From what I've seen, it doesn't seem that Mr T has repaid the amounts due to Vodafone, since the start of his complaint. So, it may be that there are balances owed by Mr T.

In this instance, I remind Vodafone of their responsibility to treat Mr T's current financial circumstances with due consideration and forbearance. This may mean working with Mr T, to make sure he is able to make affordable repayments to any outstanding debt, if he's unable to make the regular loan payments.

Distress and inconvenience

Mr T has told us that on the one hand he thought he had a repayment arrangement with Vodafone. But on the other hand, he subsequently found out that the arrangement only covered his airtime services account. Meaning he missed payments to his fixed sum loan agreements.

The information Vodafone have provided shows where Mr T wasn't offered reduced repayment terms to cover both his airtime and device agreements. This is something that Vodafone have recognised and said that they may have been able to offer to Mr T.

But, I share the investigator's view, that it's not clear if Mr T would have been able to fully repay the arrears on his fixed sum loan agreements. I say this because of the notices sent to Mr T, where he was told how much he needed to repay, to bring his account back up to date.

In all the circumstances I don't think Vodafone gave Mr T the option of repaying the arrears over a set period of time. I can see where Vodafone asked for one lump sum repayment, to avoid the debt from being passed to a debt collections agent. So, I think they caused Mr T distress and inconvenience here.

Moreover, Mr T says he was passed between the debt collection agent and Vodafone, with each telling him they no longer owned the outstanding debts. Vodafone's records support his side of the dispute here. I can see that towards the end of 2023, Mr T tried several times to arrange a part payment with the agent and Vodafone. But, neither was able to help and he was told to wait to be contacted by another party. I think this caused Mr T further distress.

So, I've looked at the chain of events in Mr T's case and the offer put forward by Vodafone, to see if I think it fairly resolves this complaint.

I agree that it must have been upsetting to receive demands for repayment from both Vodafone and a debt collections agent. I also accept that Mr T was put to some inconvenience when he was passed from one firm to the other and having to explain himself several times.

Furthermore, it must have been worrying for Mr T to find himself in a position where he couldn't make the part payments he wanted to. This came at a time where Mr T was already extremely worried about his financial circumstances.

Having thought about all the evidence, I don't think Vodafone treated Mr T fairly when they didn't offer a way for him to make a part payment. I think Mr T has experienced distress and inconvenience, during what was already a difficult time. So, I agree with the investigator that it's fair for Vodafone to make a payment to Mr T in recognition of the worry they caused.

I've considered the reasons why Mr T would like Vodafone to pay more than they've already offered. But, I also need to keep in mind where he was always likely going to receive correspondence and telephone calls about the arrears, given the status of his fixed sum loan agreements. And where Vodafone have already made a payment of £59 to his airtime services account.

In all the circumstances I think the payment of £200 offered by Vodafone is a fair reflection of the distress and inconvenience Mr T experienced.

Putting things right

For these reasons, Vodafone Limited should pay Mr T £200 for the distress and inconvenience caused.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 April 2025.

Sam Wedderburn
Ombudsman