

The complaint

Mr A complains about the balance owed under a fixed sum loan agreement taken out with EE Limited.

What happened

In October 2022, Mr A took out a loan with EE to buy a brand new mobile telephone device. The loan was scheduled to be repaid over a period of two years. Around the start of 2024, Mr A decided to upgrade his device and took out a subsequent fixed sum loan agreement with EE.

As part of the new loan, Mr A says EE allowed him to trade in his previous handset. He says EE valued his previous handset at £750 and agreed to use the proceeds of the trade, to reduce the cost of the new device. In turn, Mr A says this would reduce the overall balance of the fixed sum loan agreement.

However, after Mr A had sent his previous handset to EE, the balance of his loan didn't reduce. So, Mr A complained to EE.

In their final response to Mr A's complaint, EE said they hadn't agreed to give Mr A £750 for his previous device. They said a valuation wasn't discussed and continued to hold Mr A responsible for the outstanding balance of the fixed sum loan agreement. Mr A didn't accept EE's response and he brought his complaint to this service.

One of our investigator's looked into Mr A's complaint and found that EE had treated Mr A fairly. The investigator listened to the sales call between Mr A and EE, when the fixed sum loan was agreed in March 2024. He said that EE hadn't given Mr A a valuation for his previous device, or an offer to use the proceeds to reduce the balance of the loan.

Furthermore, the investigator found that the trade in proceeds were likely used to repay the balance of Mr A's borrowing for his previous device. So, he concluded that it was fair for EE to ask Mr A, to repay the outstanding balance of the fixed sum loan agreement.

Mr A didn't agree and said his balance for the loan for the previous device was minimal. He also said that EE hadn't explained the terms and conditions of his fixed sum loan in enough detail.

The investigator didn't change his conclusions and Mr A's complaint has now 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 a fixed sum loan agreement with EE, used to pay for a mobile telephone handset in Mr A's name. This is a regulated financial product. As such, we are able to consider complaints about it.

Mr A has told us that in March 2024, he had a telephone conversation with EE, where they agreed the value of his previous handset was £750. And they would use that value to reduce the balance of his new loan.

Along with his recollection of the telephone call, Mr A has provided a letter from EE, which is titled 'TRADE IN'. I can see that the letter is personalised to Mr A and dated 15 March 2024. It also carries reference numbers for Mr A to use, when talking about trading in his previous device. However, there isn't a value for Mr A's previous device within this letter, or a confirmation of what EE may pay him for returning his old handset.

Additionally, Mr A has sent us a letter, titled 'TRADE IN POSTING TIPS'. This letter gives general advice about sending a handset to EE. But, similar to Mr A's other evidence, it doesn't contain details about the trade in value of Mr A's previous device.

During our investigation, EE sent us a recording of the telephone call where Mr A agreed to take out the fixed sum loan agreement for his new handset. I've listened to the recording and the sales advisor mentions the prospect of Mr A trading in his previous handset, on two separate occasions. Firstly, the advisor asked if the previous handset is in good condition and secondly, that a trade in form will be sent to Mr A. On neither occasion, was Mr A given a trade in value from the advisor, or told his new loan balance would be reduced, using the proceeds of the trade in.

Aside from the contents of the call recording, I've looked at EE's records and notes from the sales call. I cannot see mention of a value for Mr A sending EE his previous device. Furthermore, there's isn't anything which gives Mr A the impression he would receive a reduction in the balance of his fixed sum loan, on the signed agreement form itself.

EE have told us that Mr A's loan for his previous device ended earlier than planned, when he took out the new borrowing in March 2024. They say they waived any early upgrade fees associated with the ending of that initial loan. So, I think it's more likely that by returning the previous device to EE, it allowed Mr A to take the upgrade at no further cost.

In all the circumstances, I'm not persuaded that Mr A was offered a deal, whereby the balance of the fixed sum loan would be reduced, following the trade in of his previous device. So, I think EE have treated Mr A fairly.

Based on all the evidence I've seen, I don't think Mr A was told by EE, that they would pay him £750 to trade in his previous handset. It then follows that I think it's fair and reasonable for EE to hold Mr A responsible, for the repayment of the remaining balance due under the fixed sum loan agreement.

I realise that my conclusions mean there will still be an outstanding balance owed by Mr A to EE. I'm also very sorry to hear of the difficult financial circumstances, which Mr A has explained to us. It must be a very troubling time and I hope things improve for him.

So, I remind EE of their responsibility to treat Mr A's financial circumstances with due consideration and forbearance. This may mean looking at Mr A's income and expenditure details to talk about the options they are able to offer to him.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 May 2025.

Sam Wedderburn
Ombudsman