

The complaint

X has complained about the sale and administration of a fixed sum loan agreement with Vodafone Limited.

What happened

X entered into a fixed sum loan agreement with Vodafone in September 2022. He bought a phone which cost around £1,200 and Vodafone set up his account so that he was due to make 36 payments of around £34.

X said that the agreement should have been over two years, and he had never signed an agreement for more than two years, even though he had been an existing customer of over 25 years.

X also said that Vodafone activated two SIMs and charged him throughout the whole two-year period. He said it continued to charge for two SIMs without informing him.

X complained to Vodafone. He said he should be compensated for the additional charges. He said that Vodafone had also disconnected his services and kept his number.

Vodafone didn't uphold the complaint, so X referred to our service. An investigator here considered the complaint. She said that the complaint in relation to the airtime agreement wasn't one we could consider. She also considered the sale of the loan, and she didn't think Vodafone had acted unfairly.

X disagreed. He said he didn't agree we couldn't consider a complaint about the provision of an airtime agreement. He also said that he was told on a number of occasions he would be compensated in full for Vodafone's error and then it changed its mind. He said being charged for two SIMs despite only using one was clear evidence of mis-selling. He said that he would not have entered into a three-year agreement and asked that his signature was checked.

The 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.

It's important to set out the scope of my decision here, as I note a number of complaints have been raised with Vodafone. For the avoidance of doubt, I'm only dealing with matters that X referred to us in June 2024. That is the mis-sale of the fixed sum loan, and the complaint in relation to Vodafone either unfairly charging X for two SIMs when he only needed or used one, or failing to inform him to cancel the SIM that he didn't need.

The fixed sum loan agreement for the supply of the mobile phone is a regulated agreement and as such one that this service can consider a complaint about. We can also look into the

negotiations for the credit agreement. But we're not able to deal with complaints that solely relate to airtime agreements because they aren't a financial service.

X said that he wouldn't have signed any agreement for longer than two years. I would have liked to have listened to the sales call, but this isn't available due to the passage of time. So, I'm required to look into the matter based on the evidence available. Vodafone said that X was an existing customer who already had a SIM contract with it (but no credit agreements). It said X wanted a free upgrade but wasn't within the eligibility period, and so it seemed like the only way to get a new phone was to set up a new SIM. Vodafone also said that X wanted to keep costs down, so the credit agreement was set over 36 months to reduce the monthly payment.

I have however, seen clear evidence that the pre-contractual credit agreement was sent to X's email address, and he digitally signed it before the agreement was entered into. X has suggested that his signature is checked but a digital signature is sufficient to enter the contract.

The term and the repayments are clearly set out on the front page of the document. So, I'm satisfied that Vodafone did what was required to inform X of the contractual loan information at the start. I can also see a further letter was sent to X to let him know the scheduled payments for the direct debit, which also clearly shows there are 36 repayments. I think Vodafone is fairly asking X to pay back the agreed amount towards the credit agreement, over the agreed term. I therefore don't find there are grounds to direct Vodafone to offer any refunds or to reduce the term.

It could be possible to hold Vodafone responsible for the negotiations that took place that led to X taking out the credit agreement. The negotiations might have included a discussion about the two airtime agreements. But the problem is there isn't enough evidence that X was misled. The notes from the time of the sale indicate he was told that he had to take out another SIM to buy the new phone because he wasn't in the upgrade period.

Our investigator asked X about what he was told in the sales call, but we didn't get a response. So, there's not persuasive testimony to conclude there was a problem with the overall negotiations that led to X taking out the credit agreement.

If X feels he's being treated unfairly by being required to pay for a SIM he didn't use for two years, I can understand that, but that doesn't fall within the negotiations for the credit agreement. So it's not something we can deal with at the Financial Ombudsman because airtime agreements on their own aren't considered a financial service. X might be able to refer a complaint about how Vodafone dealt with the airtime agreements to another dispute resolution scheme, as advised by our investigator.

X said that he was told on a number of occasions he would be compensated for Vodafone's error. But I've not seen any evidence of Vodafone's acceptance of any error in relation to the fixed sum loan agreement. So, I don't require it to do anything further to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 22 May 2025.

Caroline Kirby
Ombudsman