

The complaint

Miss H complains that Vodafone Limited ('VL') terminated her device plan and marked her credit file with missed payments.

What happened

In October 2023, Miss H entered a fixed sum loan agreement to buy a new mobile phone. The loan was for £972, at zero interest. Monthly repayments were £27 for 36 months. I will call this the 'device plan'.

Miss H also took out a separate 'airtime agreement' which had separate, variable payments – for data and calls. This is not the subject of this complaint.

While the first two payments to the device plan were made in October 2023 and November 2023, some payments were then missed and by March 2024, the balance was £837 – so five payments totalling £135 had been made between October 2023 and then.

By June 2024, the balance was still £837. No payments were made between 2 March 2024 and then.

On 13 January 2024, VL sent Miss H a Notice of Sums in Arrears – this said there were two missed payments totalling £54. The balance was £918.

On 14 January 2024, the device was restricted due to failed payments on the device plan. Miss H spoke to VL and VL agreed a payment plan – which was to pay £54 by 31 January 2024. Miss H made a debit card payment for £54 on 10 February 2024.

On 13 April 2024, VL sent another Notice of Sums in Arrears – this said the device plan was still in arrears. There had been two missed payments and the balance was £837.

On 27 May 2024, VL sent a Default Notice. It said the arrears were £81 and this needed to be paid by 12 June 2024.

On 16 June 2024, VL sent a Notice of Termination. This said the total balance of £837 was payable.

Miss H's credit file was marked with missed payments for the six months between January 2024 and June 2024. On 26 June 2024, Miss H's account was defaulted. The balance of £837 was then payable.

Miss H complained. She said she had made the necessary payments and so the restriction of her phone and the marks on her credit file weren't reasonable.

VL said the termination of the device plan was caused by non-payment of the plan's instalments. VL said the marks on Miss H's credit file were accurately recorded.

Miss H brought her complaint to us. Our investigator didn't uphold it and said:

- The agreement was a regulated consumer credit agreement which we can consider complaints about.
- Miss H provided copies of her bank statements for her two bank accounts. These showed she made payments to the device plan by direct debit from her bank account (1). Between October 2023 and March 2024, several payments were late – this would then be recorded as a missed payment on Miss H's credit file.
- The payments made from Miss H's bank account (2) were for the separate airtime agreement and were not related to the device plan.
- VL must report accurate information to the credit reference agencies and he found VL acted reasonably in doing so.

Miss H didn't agree. She said she had made the necessary payments. She provided a voice mail message dated 21 June 2024 which she said proved she had made the payments. She says VL didn't ask for the payments so how could she be expected to make them. She asked that an ombudsman look at her complaint, and so it has come to me.

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 is important to say at the outset that Miss H's complaint is about the fixed sum loan she took out for the new phone – the 'device plan'. She had an 'airtime plan' also – which ran separately and isn't related to this complaint. Indeed, our service can only look at complaints about the device plan – as our powers enable us to do so.

Miss H entered into a fixed sum credit agreement for the supply of her new phone on 3 October 2023. This included: *"What happens if you don't make your repayments?"*

If you do not make your repayments in the correct amounts and on the due dates under the Device Plan and do not bring your account up to date after we have notified you of the missed repayments, then you could face serious consequences.

If you do not make your repayments by the due dates, we may send you a default notice requiring you to pay your arrears by a certain date. If you do not pay by the date specified in the default notice, then we can:

- i. terminate the Device Plan; and*
- ii. demand immediate payment of the outstanding balance of the total amount payable under the Device Plan."*

We may also report your default to credit reference agencies. Your default may be recorded on your credit reference file and could be viewed by other lenders and agency users who search your credit reference file. This may make it difficult for you and other members of your household to obtain credit in the future. We may also take action against you under the terms of your Airtime Plan such as suspending some or all of the services provided under the Airtime Plan or ending the Airtime Plan (i.e. barring or disconnecting your airtime services).

So, if Miss H missed payments, then VL could terminate the agreement and ask for the balance of the loan to be paid – which is what the firm did. And VL could also stop the

airtime plan – meaning Miss H couldn't use her phone anymore.

It helps to look at what happened during two periods.

Period between October 2023 and March 2024:

Miss H had two bank accounts and made payments to the device plan from her bank account (1).

I can see that by 1 March 2024, Miss H made five payments totalling £135 – as against six payments being due to be paid by that time.

But – several of the payments were late. The payments due in December 2023 and January 2024 failed. And while Miss H made a payment of £54 in February 2024, the payments were still late.

All firms have a duty to report accurate information to the credit reference agencies (CRAs). Miss H made late payments in January 2024, February 2024 and March 2024. and so – VL then reported those to the CRAs as late payments. I'm satisfied that Miss H made those payments late and so VL's reporting to the CRAs was reasonable.

As at 2 March 2024, the balance owing was £837. And as at that time, Miss H was one month in arrears.

Period between 2 March 2024 and June 2024:

No payments were made – as each time, the direct debit failed. So by June 2024, the balance was still £837 – the same as at 2 March 2024. Because Miss H missed the payments between March 2024 and June 2024, I'm satisfied that VL could advise the CRAs that payments had been missed.

The guidance for dealing with defaults is laid down by the Information Commissioner's Office (ICO). This says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. It is the business' responsibility to put an entry on the credit file. This cannot be taken off unless it is an error.

By the time VL terminated Miss H's account in June 2024, she had missed four payments. , While nine were due between October 2023 and June 2024 - she had made five payments. And so, the default then added to her credit file was reasonable.

VL advised us that the balance of £837 is still payable.

Airtime agreement:

I also reviewed the statements for Miss H's bank account (2) – and no payments were made from that account for the device plan. She used bank account (2) to make the payments to her airtime plan. But as I have said, the airtime plan is separate to this complaint.

Miss H provided a recording of a voicemail message dated 21 June 2024 – in which the local store manager said she had overpaid by £54 (two payments) and this was to be returned to her bank account.

Miss H says this is evidence that she made the payments to her device plan. And so - I wanted to know more about this call and asked VL about this. VL told us and showed

evidence that the credit for £54 was in connection with her airtime plan – it wasn't anything to do with the device plan. And so the credit isn't relevant to this complaint. I do wonder if Miss H is confusing the two agreements and payments to them.

Therefore, while I know that Miss H will be disappointed by my decision, I am not upholding this complaint and would encourage her to get in touch with VL to come to an arrangement to pay off the outstanding debt.

My final decision

I do not uphold this complaint.

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

Martin Lord
Ombudsman