

The complaint

Mr W has complained about the quality of mobile phone(s) supplied under fixed sum loan agreement(s) with Tesco Mobile Limited.

What happened

Mr W entered into a fixed sum loan agreement with Tesco Mobile in March 2020. He bought a phone which cost around £720 and agreed to make 36 payments of around £20.

He later entered into a new fixed sum loan agreement in November 2023. He bought another phone which cost around £860 and agreed to make 36 payments of around £24.

Mr W said that he was unable to use the internet on the phone(s) since around 2019. He said that Tesco Mobile changed his SIM but that didn't work, and they changed his phone, but the issue still remained.

Mr W complained to Tesco Mobile in July 2024. He said that his mobile data doesn't work wherever he goes. He asked for his agreement to be cancelled and not to pay the remainder. He said the issue had been going on for four years.

Tesco Mobile said the complaint was about poor signal/unable to use mobile data under a separate airtime agreement Mr W had with it, rather than the loans to pay for the phones. It offered various options in relation to his airtime agreement. It referred Mr W to another dispute resolution service.

Mr W referred his complaint to our service as he said the issue related to a fault with the phone.

An investigator here considered the complaint. She signposted Mr W to the other dispute resolution service, but also made an assessment on whether the goods were of satisfactory quality when they were supplied. She didn't uphold the complaint and didn't recommend Tesco Mobile take any further action.

Mr W disagreed and asked for an ombudsman to make a final decision. In summary he said:

- Tesco Mobile were aware of the issue from the start of the agreement(s)
- Tesco Mobile wouldn't have made an offer if it didn't accept there was an issue
- He said he couldn't send a screenshot of the broken phone or do a diagnostic
- He said it couldn't be a SIM error as when another SIM is in the phone there is no issue
- He said he's lost out on work and being able to access banking because the phone did not connect to the internet
- The issue had been ongoing since 2019, and Tesco Mobile hadn't shared all the details with us

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.

When considering what is, in my opinion, fair and reasonable, I must take into account relevant law and regulations; regulator's rules, guidance and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.

I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Tesco Mobile is also the supplier of the goods under this type of agreement.

The Consumer Rights Act 2015 ("CRA") is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory." This is the basis that I can look at this complaint. Mr W might have separate recourse to another scheme if he's unhappy with the provisions of airtime service.

The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. The other relevant circumstances might include things like whether the phone was new or used, and the cash price.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, free from minor defects, safety, and durability.

Essentially Mr W's complaint is that Tesco Mobile has breached its contract with him by supplying goods that are inherently faulty.

The CRA says that goods must conform to the contract within the first six months. So, if the goods are found to be faulty within the first six months; it's assumed that the fault was present when the goods were supplied, unless there's compelling evidence to suggest otherwise. Outside of those six months, it's for Mr W to show that the goods were not of satisfactory quality.

As a starting point there would need to be some evidence of what the fault was. And secondly, that the fault renders the phone(s) of unsatisfactory quality.

Mr W says he's complained about the issue on a number of occasions, but I've only seen evidence that he complained about the issue in July 2024, more than six months after the goods were supplied. Even if he can show that he complained within the first six months there would still need to be evidence of the fault as a starting point.

Mr W maintains that the issue he's experiencing relates to a fault with the phone, rather than a fault with the network. He says that he's been experiencing the same fault across multiple devices since 2019. He says that he's unable to connect to the internet at all. But he's also said that the phone(s) do work with other SIMs. Tesco Mobile have said that it thinks the problem relates to the network and/or SIM rather than a fault with the phone, but its shown evidence that the mobile numbers have used data as expected.

Mr W hasn't been able to provide sufficient evidence that there is a fault with either of the phones that he's been supplied under the agreements that I can consider. So as a starting point I have a lack of evidence here. He's questioned how he can supply a diagnostic for a broken phone. Mr W could have supplied evidence in a number of ways but usually some independent evidence from a technician, such as a phone repairer or the manufacturer might be suitable. Because there is a lack of evidence of the fault with the phone(s), rather than something else, I'm unable to make a finding that the phones weren't of satisfactory quality when they were supplied.

The description of the fault, and the fact it has occurred with more than one device and, by Mr W's own testimony, started before he entered into the loan agreements in question; leans towards there being a different problem potentially with the network itself.

The issue here is not straightforward as it likely requires an expert opinion on what has caused the issue Mr W is experiencing. I can understand Mr W's frustration, but I have to keep in mind that I am unable to compel witnesses or investigate in the manner a court might.

I'm sorry to disappoint Mr W but I don't find I have the grounds to direct Tesco Mobile to allow him to reject the goods and unwind the loan agreements. Or to keep the goods but write off the balance. I make no comment on Tesco Mobile's offer which relates to a separate service agreement and a separate dispute resolution scheme. But I don't require it to do anything further in relation to the loan agreements Mr W has with it.

If Mr W is able to get further evidence which supports his assertion that the goods were inherently faulty when they were supplied, such as a diagnostic from the manufacturer, then he'll be able to supply this new material evidence to Tesco Mobile to consider afresh.

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 W to accept or reject my decision before 2 September 2025.

Caroline Kirby
Ombudsman