

The complaint

Mr D has complained Telefonica UK Limited, trading as O2, caused him difficulties by not accepting his payments.

What happened

Mr D has two separate fixed-sum loan agreement with O2. These were dated from 2021 and 2022 for a smart watch and a phone.

Mr D was unhappy with the customer service he got from O2 and attempted to pay off the agreements. O2 was unable to process the credit card payment Mr D tried to make. This resulted in O2 passing Mr D's debt to a debt collection agency. This agency asked Mr D to repay what was owed. He explained to them why this was not his fault. The debt was passed back to O2.

O2 did not resolve this issue to Mr D's satisfaction. He brought his complaint to the ombudsman service.

Our investigator asked O2 to pay Mr D £350 compensation for the trouble caused to him. O2 were also to set up a payment arrangement with Mr D. Both parties accepted this outcome.

O2 asked if they could offset what Mr D owed them by crediting the compensation to his account. Our investigator agreed. However, O2 initially only added £300 to Mr D's account rather than £350. They then didn't amend Mr D's credit record. Late payment markers continued to exist. Mr D was annoyed these stopped him being able to get a successful mortgage.

Mr D now wanted an ombudsman to consider his complaint.

I completed a provisional decision on 28 March. I asked O2 to pay a further £150 and ensure all late payment markers were removed from his credit record.

O2 accepted this outcome. Despite prompting and allowing a further period for response, we received nothing further from Mr D.

I now have all I need to complete my 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.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why.

There's no dispute that O2 had issues in sorting Mr D's final payments. It's unclear exactly why but O2 has accepted this was their error. This was then compounded as they didn't sort this out before passing Mr D's debt to a collection agency.

In more recent correspondence O2 was still talking about the agreed amount being £300. In the end O2 did credit £350 to Mr D's account. I can see how irritating this level of service is. This has meant that a case that could have concluded last October has been drawn out a further six months. It's hard not to conclude this is O2's fault. This has certainly caused additional stress to Mr D. I'm asking O2 to credit a further £150 to Mr D's account.

This means that O2 will pay Mr D £500 in total which is a significant amount and based on what happened to Mr D.

In addition, O2 must remove any existing late payment markers. This is effective immediately and must be completed before O2 set up any payment arrangement with Mr D to settle the outstanding amount. What's clear from the history of this complaint is that Mr D was willing and able to repay what was owed in January 2024. There is no basis for O2 to have added any late payment markers to Mr D's accounts.

Mr D is convinced that O2's actions have meant he was refused a mortgage. I asked Mr D to share a copy of his full credit record so that I could consider this. Mr D refused to do this as he was unwilling to pay for the cost. Despite allowing Mr D additional time to respond to our service, we've received nothing further from him so I have to confirm that what he's shared with us so far doesn't convince me that Mr D is correct.

My final decision

For the reasons given, my final decision is to instruct Telefonica UK Limited, trading as O2, to:

- credit Mr D's account with a further £150; and
- remove all late payment markers from Mr D's account from January 2024 onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 May 2025.

Sandra Quinn
Ombudsman