

The complaint

Mr D has complained Sky UK Limited is holding him liable under a consumer credit agreement for a mobile phone handset he returned, but Sky believes was damaged by Mr D.

What happened

In June 2024 Mr D took out a consumer credit agreement with Sky for a new iPhone. This was delivered to Mr D on 29 June. He called Sky to explain he no longer wanted this model as he wanted a smaller model and different make instead. He was sent a redelivery jiffy bag and Mr D used this to return the phone and its original packaging.

Sky got confirmation from their delivery company that the phone had been received but there was damage on one side of the device signifying a sharp drop. They held Mr D liable for this damage and expected him to continue making repayments under the fixed-sum loan agreement.

Mr D had contacted Sky to complain about having to continue to make payments. He was told he could cancel his direct debit and did so. He subsequently discovered Sky placed late payment markers on his credit record.

As Sky continued to hold Mr D liable for repayments and Mr D believed the damage to the phone had been caused during the redelivery to Sky, Mr D brought his complaint to the ombudsman service.

Our investigator felt Sky had sufficient evidence to hold Mr D liable for continued repayment and wouldn't ask Sky to do anything further. Mr D continued to provide additional evidence including photos of the box the now returned iPhone had been received back in. This showed damage similar to that on the phone itself.

After further consideration, Sky accepted their advice to cancel the direct debit was misleading and should have included information about the impact on Mr D's credit record if he was to do this. They agreed that if Mr D repaid an outstanding amount of £136.50, Sky would amend his credit record to show repayments were being made.

Mr D was willing to accept that part of the outcome to avoid any impact on his credit record. He still disputed he should remain liable for a damaged phone which he felt he'd not caused. He's asked an ombudsman to consider his complaint.

I completed a provisional decision on 28 March 2025. I confirmed there was sufficient evidence to show Mr D had returned the phone without damage and told Sky to cancel the credit agreement and refund any payments to Mr D.

I didn't receive any responses from either Mr D or Sky.

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. As I received no further submissions, my explanation below mirrors my findings in my provisional decision.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with complainants' persuasive testimony.

I'm aware that our investigator contained a lot of information in his views of January and February 2025. I've reviewed this but don't feel the need to go through all the detail which is not in dispute.

I can see a credit agreement was taken out on 28 June 2024 for a specific iPhone model. This agreement is in Mr D's name. He doesn't dispute he took out this agreement.

The evidence confirms Mr D called Sky as he wanted to return the phone as he'd found it bigger than he'd wanted. There's been some debate about what Mr D actually confirmed on this call. Sky seems to believe Mr D implied the phone remained throughout in its packaging, but Mr D has never said this to our service. He's been upfront that he didn't like the size of the phone and accepts that it was activated. He then returned the phone in its original packaging.

The next evidence is photos dated 9 July (eight days after Mr D returned the phone) showing damage indicative of a sharp impact to one side of the phone. Sky believed this must have been like this before Mr D returned the phone, although I've not seen any photos at this time of the return packaging.

On the other hand, I have seen photos of the original packaging when Sky returned the damaged phone to Mr D in November 2024. This seems to be the original packaging and clearly shows quite a dent in one side. I believe this may well match the damage to the phone.

None of this is conclusive but based on what the evidence suggests and Mr D's consistent testimony, I believe it's most likely the phone was damaged during the return to Sky.

Putting things right

On that basis I will be asking Sky to cancel the credit agreement Mr D took out for the iPhone. If Mr D made any repayments, Sky will need to repay these in full. They will also need to add 8% simple interest to each payment from the dates Mr D paid them until the date of settlement.

Sky will also need to ensure this agreement has no negative impact on Mr D's credit record.

I did consider whether further compensation should be payable to Mr D for this protracted saga and the impact this has had on his credit record. I'm aware, however, that Sky returned

the damaged phone to Mr D so won't be asking them to do anything further.

My final decision

For the reasons given, my final decision is to instruct Sky UK Limited to:

- Cancel the consumer credit agreement in Mr D's name for the iPhone;
- Repay any money that Mr D has already paid under this agreement;
- Add 8% simple interest to those payments from the date Mr D made them until the date of settlement; and
- Ensure this credit agreement has no negative impact on Mr D's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 May 2025.

Sandra Quinn
Ombudsman