

## **The complaint**

Mr W is unhappy Raylo Group Limited returned his mobile phone device, financed through a hire agreement, to an incorrect address.

## **What happened**

### *The agreement*

In February 2023, Mr W entered into a hire agreement for a mobile phone device. The agreement was for 36 monthly repayments of £40.82. It appears payments stopped being made towards the agreement after May 2023. The account was then defaulted and sold to a debt company in November 2023. The outstanding balance due under the agreement is currently around £895 and Raylo have said Mr W has paid the debt company around £60 since January 2024.

### *The complaint*

Mr W appeared to have several issues with Raylo's handling of this agreement. But we asked Mr W to confirm his complaint point – which he said was the fact that Raylo returned his device to the wrong address which had an impact on him.

Raylo have provided an email from a third party, who seems to be Mr W's relative, notifying Raylo in July 2023 about a block placed on Mr W's device. In these emails, Mr W's relative says Mr W lost the device, found it and then later sold it to the relative who then said he was in the process of loaning the phone to a second-hand retailer, but that the retailer wasn't accepting the device.

In January 2024, Raylo said Mr W made them aware that the police were now in possession of the device, and they were going to return it to Raylo. So, Mr W asked Raylo to send a returns label to the police to facilitate the return of the device and this was returned to Raylo in February 2024.

Raylo said they noticed the device had been blocked since 4 April 2023 – it's not entirely clear why the block happened, but it seemed to be placed on the device by a third-party insurance company. It appears a block is typically added to lost or stolen devices.

Raylo said once they received the device from the police, they gave Mr W two options in relation to the device and the agreement. Raylo said they could return the device to Mr W, but if they did this, Mr W would be liable for all payments due under the agreement. Or if the block was removed, Raylo would keep the device and waive all payments owed by Mr W under the agreement.

Around a week later, Mr W confirmed the address he wanted the device to be returned to. But later, Mr W told Raylo that he'd moved address, and he provided them with his updated address. It transpired, Mr W's device was returned to the wrong address – it was returned to his previous address and not the updated one. Mr W said Raylo told him this error happened

as a result of the delivery company, but it was ultimately because Mr W's address hadn't been updated as it should have been.

Mr W says his mobile device was in the possession of tenants at his previous address for a couple of weeks and that there was no lock on the device, other than a passcode. Mr W is concerned his personal data on the device was seen by the new tenants. Mr W went to collect the device from the address in March 2024 and said the device was in working order once he put his SIM card back into the device.

Raylo say Mr W only made two payments towards the agreement and that the agreement has been breached since May 2023. Raylo realised the error with Mr W's address being incorrect was as a result of the device being held at their third-party assessment centre.

Raylo told our Service that the centre had Mr W's previous address – Raylo said they had no access to their assessment centre's system and couldn't alter the address information. Raylo said they did attempt to update Mr W's address but weren't aware this couldn't be changed on the centre's system until after Mr W's request for the change was made. In order to resolve matters, and in recognition of the inconvenience caused, Raylo offered Mr W two options in their final response letter of March 2024:

1. Mr W to return the device to Raylo in good condition. Once returned, Raylo will waive the full arrears of £955.06. Raylo will remove the credit markers added to Mr W's file. Raylo will issue a £200.00 payment to Mr W's bank account as a gesture of goodwill.

OR

2. Mr W maintains possession of the device. Raylo said the device was currently valued at £559.00 per fair market value, and as an exception they said they wouldn't require any payment made towards the total value of the device. Raylo said they'd waive the full arrears of £955.06 and that they'll remove any credit markers added to his credit file.

Our Investigator considered Mr W's complaint. In summary, she concluded she didn't think Raylo treated Mr W unfairly. And that the two options proposed by Raylo in their final response were a reasonable way to resolve Mr W's concerns. In relation to the block on the device, our Investigator suggested Mr W contact the insurance company that placed the block on the device, confirm it's now in his possession and request for the block to be removed.

Mr W responded and clarified his relative found his device and attempted to sell it. Mr W then said the main aspect of his complaint and the only bit that really concerned him was that Raylo sent his device, with his personal details contained on it, to the wrong address. Mr W said he would accept Raylo's option 2 as well as £250 compensation. Mr W previously told us he wants to keep the device, it's in working order and that it's being used. Our Investigator put this forward to Raylo and they didn't agree to it. Raylo said having considered Mr W rejected their proposed offers and as he's been in possession of the Raylo owned device for the past two years, the value of the device has now depreciated from when they originally made their offer a year ago. Therefore, Raylo decided to reconsider their previous options made in their final response letter of March 2024, which they're allowed to do and are now offering the options below:

1. Mr W agrees to return the device to Raylo in good condition (which has now depreciated in value in regard to re-leasing this to a further customer). Upon receipt of the device, Raylo will waive the full arrears that remain due. Raylo say they will also honour their previous offer to remove all credit markers relating to this agreement from Mr W's credit file. Raylo no longer seem prepared to pay the

£200 compensation previously offered.

OR

2. Mr W can opt to pay the full arrears on the agreement. This device is currently valued at £476.00 per fair market value, and as an exception they will not require any payment made towards the total value of the device, and Mr W will be permitted to keep this device (with no further payment). Raylo say they'll also remove all credit markers relating to this agreement from Mr W's credit file. This option is slightly different from Raylo's original option 2 as they've suggested Mr W can opt to pay the full arrears on the agreement.

As an agreement hasn't been reached between Mr W and Raylo, the complaint has been passed to me to decide.

I issued my provisional decision on the matter, setting out the below:

*I'd like to make clear that my decision mainly focuses on whether Raylo acted fairly in returning Mr W's mobile phone device to the wrong address – as this is what Mr W confirmed he remains unhappy with. Raylo have acknowledged an error happened here as a result of Mr W's address not being updated as it should have. So, what's left for me to decide is whether Raylo have done enough to put things right.*

*It's clear Mr W was caused distress when finding out his device went to the wrong address, and I can appreciate the worry this caused him. I can understand Mr W's concerns about the tenants of that property accessing his device, being able to review his information, although I appreciate Mr W did say there was a passcode on the device. From what I understand of a passcode on a device like Mr W's, I don't think the device's contents would have been accessible to anyone who didn't know the specific passcode.*

*In any case, while Raylo have acknowledged things went wrong in Mr W's address not being updated, I can't hold them wholly responsible for what the tenants did with Mr W's device beyond the point of it being delivered to the wrong address. But I do accept had it not been for the error, Mr W wouldn't have been caused this worry. I can also appreciate confusion was caused when Raylo told Mr W the reason the device was delivered to the wrong address was the fault of the delivery company.*

*I've considered the revised options that Raylo have since offered. And having considered the impact caused to Mr W, I think these offers are fair and are more than what I would have awarded for the distress and inconvenience caused to Mr W, had these options not been available to Mr W by Raylo. So, I'll be asking Mr W to choose which option he'd like to go with in response to this decision because I'm satisfied both offers are fair in the circumstances.*

*I note Mr W has raised concerns about the debt company's level of contact with him and how this has made him feel. However, Mr W would need to raise these concerns with the debt company themselves to give them an opportunity to address his concerns.*

*Putting things right*

*So, with all of this in mind and also thinking about the fairest way to resolve matters, considering what happened and the impact on Mr W, I currently think it would be reasonable to give Mr W the choice of either option 1 or option 2 from Raylo's most recent response, to resolve this complaint. As a reminder, these are the options I'm asking Mr W to choose from:*

1. *Mr W agrees to return the device to Raylo in good condition (which has now depreciated in value in regard to re-leasing this to a further customer). Upon receipt of the device, Raylo will waive the full arrears that remain due. Raylo say they will also honour their previous offer to remove all credit markers relating to this agreement from Mr W's credit file.*

OR

2. *Mr W can opt to pay the full arrears on the agreement. This device is currently valued at £476.00 per fair market value, and as an exception they will not require any payment made towards the total value of the device, and Mr W will be permitted to keep this device (with no further payment). Raylo say they'll also remove all credit markers relating to this agreement from Mr W's credit file.*

*In response to this provisional decision, Raylo can let me know what their comments are and Mr W can let me know if he agrees what option he'd like to take from the above. If Mr W doesn't agree with this decision, he can let me know his reasons and I'll consider these further.*

### **Responses to my provisional decision**

Raylo responded and said they agreed the proposals they offered Mr W throughout his complaint were fair considering the relevant circumstances.

Mr W responded and said Raylo caused further stress to him by selling the debt to the debt company, even though they said they'd consider waiving the arrears in one of the two options they proposed to settle matters. Mr W also said the debt company keep harassing him and given the additional stress caused by Raylo, Mr W said he'd like to keep the device, go for option 2 and requested an additional £200 compensation.

### **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.

I appreciate Mr W's comment that the debt company is causing him stress by continuing to contact him about the debt, despite this issue being ongoing. However, as I explained, Mr W would need to complain to the debt company directly if he's unhappy with how they're contacting him due to them being a different company and are regulated in their own right.

Mr W has said Raylo have caused him further stress by selling the debt and that he wants to go with option 2 of the proposed offers. But Mr W wants Raylo to pay him an additional £200 in recognition of the stress and inconvenience caused. However, it's up to Raylo if they wish to sell the debt on and they said they let Mr W know they were going to do this, which hasn't been disputed. While Raylo did suggest they'd waive the arrears in their proposal to settle the complaint, Mr W didn't accept either of the options. I still think the two options Raylo proposed are fair, so I won't be asking Raylo to pay Mr W the £200 he's asked for.

### **Putting things right**

My decision remains that either option 1 or option 2 from Raylo's most recent response is the fairest way to resolve this complaint. As a reminder, these are the two options:

1. *Mr W agrees to return the device to Raylo in good condition (which has now depreciated in value in regard to re-leasing this to a further customer). Upon receipt*

of the device, Raylo will waive the full arrears that remain due. Raylo say they will also honour their previous offer to remove all credit markers relating to this agreement from Mr W's credit file.

OR

2. Mr W can opt to pay the full arrears on the agreement. This device is currently valued at £476.00 per fair market value, and as an exception they will not require any payment made towards the total value of the device, and Mr W will be permitted to keep this device (with no further payment). Raylo say they'll also remove all credit markers relating to this agreement from Mr W's credit file.

If Mr W accepts my final decision, it's likely Raylo will need to make arrangements with the debt company in relation to the debt and the arrears outstanding. This is because for option 1, Raylo have agreed to waive the full arrears due and for option 2, Raylo have said Mr W can opt to pay the full arrears.

### **My final decision**

For reason explained, I uphold this complaint and I require Raylo Group Limited to carry out the actions of either option 1 or option 2 under the 'Putting things right' section, if Mr W accepts this final decision and chooses an option.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 April 2025.

Leanne McEvoy  
**Ombudsman**