

The complaint

Miss M has complained about the way Vodafone Limited administered a fixed sum loan agreement she'd taken out to buy a phone.

What happened

The circumstances are well known to the parties, so I won't go over everything again in detail. But to summarise, Miss M bought a phone for around £1,100 in September 2022 using a fixed sum loan agreement with Vodafone. The agreement required £29 monthly payments for three years. Vodafone recorded a default due to missed payments and Miss M contacted it to complain.

Vodafone responded in January 2025 to say it contacted Miss M in June 2023 to let her know about £58 arrears. It said its third-party debt recovery company received a query in August 2023 from Miss M because she didn't think there were arrears. It said Miss M changed the direct debit date later in August and told it she'd contact it again in a week or so to make a card payment to clear the arrears, but this didn't happen. Vodafone said it tried to take the direct debit, but it was returned unpaid, and it had been cancelled. Vodafone said it sent a notice of default in October 2023 saying there was still time to clear the arrears of £145 by 10 November 2023 but when payment wasn't received it sent a notice of termination. It said all correspondence was sent to Miss M. Vodafone said it received a payment in December 2023 for £406 reducing the balance to £406. It didn't uphold the complaint and Miss M decided to refer to the Financial Ombudsman.

Miss M said, in summary:

- Vodafone failed to properly serve the default notice. It should have been posted.
- Vodafone failed to update her postal address.
- Vodafone failed to adhere to her preferred communication methods (post and phone), which she requested around October 2022.
- Vodafone used inconsistent communication preferences.
- Vodafone didn't warn her of the default risk in the August 2023 contact or offer her a payment plan.
- Vodafone failed to provide special assistance to a vulnerable customer.
- The manner in which Vodafone dealt with her was unfair and lacked understanding.

Miss M said the impact has meant she'd received higher mortgage rates and had been declined finance applications. She said the situation impacted her mental health. She also said Vodafone had failed to provide a final statement she requested denying her the opportunity to pay. She requested the default was removed and fair financial compensation.

Our investigator looked into things but didn't find Vodafone had acted unfairly and so didn't make any recommendations. Miss M didn't agree. In summary she said:

- Around October 2022 she contacted Vodafone with a request to pay the plan in full but it failed to provide the settlement figure, so she was unable to do so despite having the means.
- On the same call she asked Vodafone to amend her email address and to make sure all further correspondence was done via phone or post, but Vodafone didn't action the request. She said its failure to do so meant she missed important documents.
- The default notice was sent to her old address. She'd updated her address during the October 2022 call which again wasn't actioned. She said she only learned about the arrears through indirect means. She said the procedure was unfair and contradicts the intention of section 87 of the Consumer Credit Act 1974 ("CCA").
- It was unfair Vodafone didn't keep call records for more than 12 months, so the relevant call wasn't available. She'd have kept records or sought written confirmation had she known its policy.
- Vodafone failed to take appropriate steps when she let it know she was vulnerable.
- The default has severely damaged her credit file.

As things weren't resolved, the complaint has been passed to me to decide.

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 want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide the complaint quickly and with minimum formality. I want to assure Miss M and Vodafone that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to say I'm very sorry to hear about the impact of the situation on Miss M. I can't imagine how she must feel, but I thank her for taking the time to bring the complaint.

Miss M bought her phone using a fixed sum loan agreement from Vodafone. These are regulated consumer credit agreements. And our service is able to consider complaints relating to these sorts of agreements.

It doesn't seem to be in dispute that payments were missed towards the loan for a few months. The relevant guidance broadly says that defaults can generally occur when the customer is three months in arrears, and normally by the time they are six months in arrears. Vodafone sent a default notice in October 2023 when Miss M was five payments behind. It sent a termination notice when the arrears weren't cleared and Miss M was six payments behind. Given Vodafone followed the guidance for when defaults can be recorded, on the face of it, that doesn't seem unfair.

The fixed sum loan agreement Miss M signed also sets out that if she didn't make payments in the correct amounts and on the due dates she could face serious consequences. It sets out Vodafone could send a default notice requiring her to pay the arrears by a certain date and if that didn't happen it could terminate the agreement and require immediate payment. The agreement sets out Vodafone could report any missed payments and default to the credit reference agencies. The agreement also sets out the payment terms required. By signing the agreement Miss M agreed to the terms, so I don't think Vodafone were unfair to

require the payments in line with the agreement, and it had the grounds to report the missed payments and default to the credit reference agencies.

Vodafone sent the sorts of documents I'd expect to see when payments were missed. It said these were sent by post and email. I can see a notice of sums in arrears was sent in June 2023, a default notice in October 2023 and a termination notice in December 2023. So I think it tried to give Miss M fair warning of the missed payments and what she needed to do to put things right.

It's not clear the email address Vodafone had which was updated in September 2022 was correct or not but if there was a mistake, as that was done in store it's difficult to conclude what happened. But Miss M has said she needed communication by post and phone, so the impact of a potential problem was reduced. I'm also conscious it looks like Vodafone text Miss M confirmation of the new email address and so if it was wrong she could have let it know.

Like our investigator, I've looked carefully at the contact notes around the time Miss M said she changed her address; asked for phone and letter contact; and requested an early settlement figure. But I can't see notes that relate to those requests. I can see Miss M spoke to Vodafone about airtime changes, but I can't see her postal address was updated; communication preferences were added, or settlement figures requested. I appreciate it would be helpful if firms kept all records of communication such as phone call recordings, but different firms keep phone call recordings for different times. And I can only base my decision on what the parties are able to provide. I've not seen enough to show Vodafone treated Miss M unfairly or failed to take some sort of action required around the time Miss M said she spoke to it.

I think it's also important to note that even if Miss M hadn't received the arrears notifications sent by post or email it doesn't seem to be in dispute she was aware of the missed payments back in August 2023 because she spoke to the third-party debt recovery company. I think she also spoke to Vodafone about payments on its online chat function the month before. There was already a responsibility for her to maintain payments in line with the agreement. Based on the contact I've seen, I think she ought to have known she may have been behind and that she didn't go on to make the payments after the call in August. I don't think she was completely unaware there may have at least been some sort of issue. Or even if she incorrectly thought she was up to date, I think she had the information available to her to find out what was happening or ask for support if she needed. And she had sufficient time to do that prior to the default and termination.

All things considered, I'm very sorry to hear Miss M is unhappy. I do appreciate it must be upsetting to have a default recorded. But I can only fairly direct Vodafone to remove it if I found it had reported it unfairly or incorrectly. It's not in dispute the payments were missed. And there's a lack of supporting evidence that Vodafone has treated Miss M unfairly or not followed through on her requests. Therefore, having considered everything carefully I don't find there are the grounds to direct it to take any action. But I'd remind it to treat Miss M with forbearance and due consideration if she's in any financial difficulties and still has a balance to pay. I'd also suggest Miss M makes sure it has all her contact information and communication preferences in order.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 June 2025.

Simon Wingfield
Ombudsman