

The complaint

Mr C complained about the way Virgin Media Mobile Finance Limited (VMMF) dealt with the administration of the fixed sum loan agreement he held with it.

What happened

Mr C entered into a fixed sum loan agreement with VMMF in March 2021. He bought a phone which cost around £1,100 and he was due to make 36 payments of around £30. He had a separate agreement for his airtime tariff with an airtime provider.

Around May 2023, the airtime provider told Mr C that it was moving his airtime tariff to another business. It said if Mr C wanted to cancel his airtime tariff agreement, he could do so without penalty. When Mr C told the airtime provider he wanted to cancel, he said he was told that the agreements he held for both his phone and airtime would be cancelled and he wouldn't have to pay anything further.

Mr C didn't pay his direct debit to VMMF, and it contacted to tell him he was in arrears on his fixed sum loan agreement. He was told it was only the airtime tariff that was being moved to another business and he still needed to pay for his handset. Mr C made the payment to the credit agreement so it wouldn't impact his credit file. But he complained to VMMF as he said that he was told on the phone that both his agreements would be cancelled as he didn't agree to continue with the relationships after the migration. VMMF responded and said it didn't have the call recordings, but the notes didn't reflect that he was told his fixed sum loan agreement would be cancelled without any further payment. It said because there was no evidence of this, it didn't agree that Mr C's balance should be waived. It offered £100 compensation for the customer service Mr C received.

Mr C referred his complaint to the Financial Ombudsman. An investigator reviewed the complaint and acknowledged Mr C had a separate complaint about the delay in being able to cash the cheque VMMF sent with the compensation offered, but thought overall the compensation it offered was fair and didn't think VMMF needed to do anything more.

As Mr C wanted more compensation, and VMMF didn't agree to increase its offer of £100 for this complaint, it has been passed to me for 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.

Mr C bought the phone using a regulated fixed sum loan agreement, and our service is able to consider complaints relating to these sorts of agreements.

Mr C raised a separate complaint about the issues with cashing in the £100 cheque VMMF gave for the customer service Mr C experienced. As this has been dealt with separately, I won't comment on it any further in this final decision.

I understand Mr C said the compensation awarded to him should be increased given the misunderstanding around the fixed sum loan agreement.

Mr C said he was told that both his airtime tariff and fixed sum loan agreement would be cancelled when he declined to move to the new airtime provider. I can see from the account notes Mr C was notified around May 2023 of the migration of his airtime tariff. I appreciate both VMMF and his airtime provider at the time had similar names, however I can't see that the communication said that payment towards his fixed sum loan agreement wouldn't be needed if he decided to cancel the airtime contract. There was also a text that was sent to Mr C which shows there was a link for further information and VMMF has said that this would've explained that the move wouldn't have affected the loan agreement. On balance I don't think Mr C, at least in writing, was told he didn't need to continue paying the loan.

Mr C said he was told in a phone call that both his fixed sum loan agreement and airtime tariff were cancelled. VMMF has said it doesn't have the call recordings for this period. I think it would be unlikely that VMMF would have told Mr C that he didn't have any further liability towards the loan agreement, given that he had an outstanding balance. I think even if VMMF had given him incorrect information, I'm not saying it did, that doesn't mean it would be fair to ask it to write off the remaining balance. It's likely I would consider if VMMF should pay compensation – which it has offered in this case.

The loan agreement states that Mr C was required to make 36 payments and when Mr C was notified of the migration he had made around 25 payments. Additionally, I can see that annual statements were sent to him. So, I think Mr C would have been aware of roughly the amount that he needed to pay towards the phone as he retained this. I think it's reasonable that given Mr C entered into the fixed sum loan agreement, he needed to have paid for the device he had and was aware there was still an outstanding amount towards the handset. I've not seen that Mr C received anything to say that he'd finished paying or would be released from the fixed sum loan agreement with no further payment.

As there is insufficient evidence to support that Mr C was told he didn't need to clear the balance of his fixed sum loan agreement, and as I think the money was fairly owed under the agreement, I don't think it's fair to ask VMMF to waive the balance or ask it to refund him as it has now been paid off. VMMF paid Mr £100. I've not seen there are grounds to direct B to do more for this complaint

My final decision

Virgin Media Mobile Finance Limited has already paid Mr C £100 compensation, I think this is fair and I'm not going to direct it to do more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 August 2025.

Amina Rashid
Ombudsman