

The complaint

Mr T complains about the quality of a mobile telephone device bought using a fixed sum loan agreement with Telefonica UK Limited trading as O2.

What happened

In August 2024, Mr T took out a fixed sum loan with Telefonica to get a brand new mobile telephone handset. The handset cost £799 and after making an upfront payment of £10, Mr T was required to make monthly repayments of around £16 over the next four years.

Shortly after Mr T had made the first payment to Telefonica, he complained about the amount they had taken under a Direct Debit instruction. He said Telefonica had previously agreed to waive the balance of a previous loan he had with them. To settle that complaint, Telefonica agreed to change Mr T's airtime services contract to a more beneficial plan for no extra cost. Mr T accepted Telefonica's proposal and the complaint was closed.

Around three months later, Mr T contacted Telefonica and made a separate complaint. He said his new handset had a fault, in that it would randomly reboot and switch itself off and on.

Although Mr T had used the device for a nearly three months, Telefonica agreed to provide Mr T with a replacement. However, they asked Mr T to send them his handset first. Once received, Telefonica said they would send the replacement to him. Mr T didn't accept Telefonica's response and brought his complaint to us. He wanted Telefonica to send the replacement handset to him, before he returned his device. Mr T said he didn't want to be without the use of a handset.

One of our investigators looked into Mr T's complaint and found that Telefonica had treated Mr T fairly. She said Mr T didn't have a short term right to reject the handset, as he had used it for more than thirty days. Additionally, the investigator said it was reasonable for Telefonica to provide the replacement, after they had received Mr T's device.

Overall, the investigator said the arrangements Telefonica had made to replace the handset were fair and didn't ask them to change their offer. The investigator also noted that Mr T had accepted the outcome of the separate complaint.

Mr T didn't agree with the investigator's findings and said Telefonica had been dishonest. The investigator didn't change her conclusions and Mr T's complaint has now been passed to me to make 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.

Under the Consumer Rights Act 2015 ('CRA'), there is an implied term written into contracts that goods supplied need to be of satisfactory quality, fit for their intended purpose and as

described.

By satisfactory quality, the CRA says this is what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. The CRA also sets out what remedies are available to consumers if statutory rights under a goods or services contract are not met.

To support his side of the argument, Mr T has explained how the handset inadvertently turns itself off and on, as well as reboots. He says this is impacting the SIM card used for the airtime services. Mr T hasn't provided a diagnostic report from an engineer, or evidence of the fault happening.

The CRA says that consumers have the right to reject goods that are shown to be not of satisfactory quality, within the first thirty days of taking delivery of them. Mr T had use of the handset from early September 2024, until early December 2024. So, I think Mr T had use of the handset for more than the thirty day timeframe I've set out.

However, despite Mr T raising his concerns outside of the short term right to reject period, Telefonica agreed to replace Mr T's handset based on his testimony alone. On the face of it, I think Telefonica's offer is fair. I say this because Telefonica are prepared to replace the handset without other evidence from Mr T, or performing an inspection of their own.

Nonetheless, the crux of Mr T's complaint is that he doesn't want to be left without a handset and wait for Telefonica to send him a replacement.

We've explored the possibility of Mr T returning the handset to a Telefonica store and picking a replacement up from there. But, Telefonica have explained this wouldn't be possible due to restrictions with their internal systems. Telefonica have also said their policy is to take back a handset, before providing a replacement.

While I understand Mr T's frustrations and worry about not having a handset to use while he waits for a replacement, I think Telefonica have treated him fairly. I think it's reasonable for Telefonica to expect the handset back into their possession, before releasing a brand new replacement device. And I can see where Telefonica have used their 'Faulty Return & Repair' policy correctly.

In all the circumstances, I think Telefonica have already put fair and reasonable steps in place to resolve Mr T's complaint. So, I don't require them to send a brand new replacement handset to Mr T, before he sends them his current handset.

Telefonica have said that the arrangements for Mr T to return the handset are still in place for him to use. So, I now leave it to Mr T to contact Telefonica, if he'd like them to replace his handset.

I also note that Mr T raised a separate complaint about balance of a previous loan. He had explained to both Telefonica and this service that he accepted Telefonica's settlement of that issue. If Mr T is now unhappy with the outcome of that complaint, he will need to contact Telefonica. It will be for Telefonica to then explain to Mr T what his options are.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 October 2025.

Sam Wedderburn
Ombudsman