

The complaint

Mr E complains that Telefonica UK Limited, trading as 02, irresponsibly provided him with fixed sum loans.

What happened

Between 2021 and 2024, Mr E entered into several fixed sum loan agreements with Telefonica for various devices. Mr E provided nine credit agreements as part of his submissions which, as I understand it, are the agreements that form the basis of his complaint.

In summary, Mr E says he was vulnerable and dealing with gambling issues at the time. He says he took out the devices with a view to sell these and use the money to pay for living expenses. He says he only used the plan attached to one of the devices he took with Telefonica and wants all but that agreement to be cancelled.

As I understand it, Mr E didn't receive a response to his complaint and so he contacted this service for an independent review. An Investigator here explained, in summary, that all of the agreements were interest-free and so there was no redress due to Mr E.

Mr E ultimately disagreed with this position and asked for an Ombudsman's decision. So, as an agreement hasn't been reached, the case 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'll start by saying that I note that some of Mr E's complaint relates to the airtime service agreements which he says he hasn't used for most of his contracts. However, it's important I explain that a complaint about this doesn't fall within the list of activities this service is able to consider. I am, however, able to consider Mr E's complaint that the regulated fixed sum loan agreements were irresponsibly provided. I'll explore this in more detail below.

This service's general approach to considering unaffordable and irresponsible lending complaints is set out on our website. Our website also sets out how we may generally ask a lender to put things right if lending has been provided that we think shouldn't have been.

In most cases where credit has been provided where it shouldn't have been, it would be fair and reasonable for the lender to refund any interest paid by the borrower. And, the borrower would usually be expected to repay any remaining amount of money they had been lent. So, I'd expect the borrower to pay back the money they were lent, but not the interest.

I've reviewed the credit agreements Mr E has provided to this service and, as our Investigator outlined, the agreements are interest-free. In the circumstances of the complaint, and in line with this service's usual approach, I think it's reasonable for Mr E to repay the amounts borrowed for each device. However, this means that even if I thought

Telefonica ought not to have provided the agreements, no interest was charged and therefore there would be no refund due to Mr E.

So, based on the above, it follows that I'm not upholding Mr E's complaint about Telefonica. I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons already given, I don't think Mr E is due any redress here. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

Separately, whilst I'm not upholding the complaint, I do want to remind Telefonica of its obligations to exercise forbearance and due consideration moving forward, and the parties should engage to discuss suitable repayment plans for all agreements if required.

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 Mr E to accept or reject my decision before 24 July 2025.

Hana Yousef
Ombudsman