

The complaint

Mr F complains about four fixed sum loan agreements, taken out with Sky UK Limited to buy four brand new mobile telephone devices.

What happened

In August 2023, Mr F took out two fixed sum loan agreements with Sky, to pay for two brand new mobile telephone handsets. After a few months, Mr F says he experienced problems connecting each device to the wireless broadband in his home. So, in April 2024 Mr F contacted Sky to ask for help.

Sky say they gave Mr F the option of having a look at the handsets, to see if there was a fault. But, Mr F explained that due to his health concerns, he'd rather not be without a mobile telephone. After further discussions, Mr F agreed to trade the handsets back to Sky. He says Sky offered to pay him £200 for each device, meaning he could repay the majority of the balance of each loan. Mr F also agreed to take out two further fixed sum loan agreements, for two brand new replacement handsets.

Once Mr F received the new handsets, he returned his existing devices to Sky. And after Sky had completed the trade in process, Mr F says he noticed that Sky had valued each device at £30, instead of £200. This meant the balance of Mr F's initial loan hadn't reduced by the amount he was expecting. So, Mr F contacted Sky to complain.

In their final response to Mr F's complaint, Sky said they had told Mr F that each device had a value of £30. They said they followed up the conversation with a conformation email to Mr F, which contained the values, before the trade was completed. Overall, Sky found that Mr F was responsible for the remaining balances due, under all the fixed sum loan agreements. Mr F didn't accept Sky's response and brought his complaint to our service.

One of our investigators looked into Mr F's complaint and decided to uphold it. Sky didn't agree and provided us with further evidence about the calls made between them and Mr F. The investigator didn't change their findings and Sky asked for the case to be passed to an ombudsman for a decision.

An ombudsman issued a provisional decision on Mr F's case and found that Sky had treated Mr F fairly. He provisionally concluded that he didn't think the initial devices Mr F had were faulty and that Sky took reasonable steps to make Mr F aware of their value, before they were traded in. So, the ombudsman didn't plan to uphold Mr F's complaint.

Sky accepted the ombudsman's provisional decision, but Mr F didn't. He said he tried to cancel the new fixed sum loan agreements within the cooling off period. But, he said he couldn't return the new handsets to Sky, as it would have left him vulnerable in light of his health concerns.

The ombudsman who issued the provisional decision has since left this service. So, Mr F's case has now been referred 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.

Before I outline my findings, I'd like Mr F and Sky to know that I've looked very carefully at the investigator's conclusions and the previous ombudsman's provisional decision. As well as all the comments made in response to all the findings we have made.

Sky is seeking to recover payment from Mr F under four separate regulated fixed sum loan agreements. Our service is able to consider complaints about these sorts of agreements. Sky provided Mr F with the loans to finance the purchase of the devices and they were also the supplier of the devices.

The quality of the handsets supplied in 2023

Mr F took out two credit agreements in 2023, to finance the purchase of two devices. As the supplier of the devices, Sky were also responsible for the quality of them.

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 purpose and as described. The CRA says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory, taking into account any description of the goods, the price and all the other relevant circumstances.

If the goods provided by the supplier are not of satisfactory quality, then this is a breach of contract. So, Sky's responsibility to Mr F was to consider his claim and decide if the device was of satisfactory quality. If it's found it was not of satisfactory quality, it would be for Sky to then offer Mr F an appropriate remedy.

In Mr F's case, he was supplied with two brand new devices by Sky in 2023 and each had a cash price of £336. Mr F says the handsets developed a fault with connecting to the wireless broadband in his home a few months after taking ownership.

During our investigation, Mr F told us that he was reluctant to send the devices back to Sky for inspection, because he needed a telephone in view of the medical conditions of himself and his wife. While I empathise with the reasons Mr F has explained, it remains that Sky were not able to review the handsets to look for the fault Mr F had raised concerns about.

I've not seen any other report which Mr F might have organised for the handsets. And both Mr F and Sky have gone on to tell us that the issue was down to the broadband router in his home, rather than the handsets themselves.

Subsequently, Mr F says he encountered the same problems with the new devices Sky supplied to him in April 2024. But, for similar reasons as the initial handsets, it seems the concerns were with other hardware in Mr F's home and not the handsets financed by the more recent fixed sum loans with Sky.

Having considered all the evidence, I think a reasonable person would say the devices provided to Mr F in August 2023 and April 2024 were of satisfactory quality. So, I don't think there's been a breach of contract between Sky and Mr F.

It then follows that I don't think there is an onus on Sky to offer Mr F a remedy under the CRA.

Misrepresentation

Within his complaint to Sky, Mr F says he wouldn't have entered into the fixed sum loan agreements for the subsequent devices, had he known the value Sky was planning to give him for his older handsets. So, a part of Mr F's complaint is that Sky gave him incorrect information, which he relied on to enter into the agreement for the new devices.

A misrepresentation is, in very broad terms, a statement of law or of fact, made by one party to a contract to the other, which is untrue and which induces the other party into the contract.

Mr F says that during his initial discussion with Sky in April 2024, they told him he would receive a trade in value of £200 for each of his older devices. He says it wasn't until after the new fixed sum loan agreements had started, when he saw that Sky had valued the previous devices at a considerably lower amount.

Sky have provided us with two calls between themselves and Mr F, either side of the trade in deal. Having listened to those calls, I can hear that Sky told Mr F he may be able to get up to £200 for the value a handset, depending on the model and its condition. But, after asking questions about the handsets Mr F had, I can also hear where Sky told Mr F that he would receive a value of £30 for each device.

The records provided by Sky also show where they sent Mr F emails summarising the £30 trade in value of each device and the impact this would have on the balance of his initial fixed sum loan agreements. I can see these emails were sent to the same email address as Mr F has used in his complaint with us.

In all the circumstances, I'm persuaded Sky told Mr F about their valuation of his former handsets, before he entered into the subsequent fixed sum loan agreements. I don't think the valuation was hidden from Mr F and Sky gave that information to him using fair and reasonable methods. So, I don't think Sky gave Mr F a statement of fact that was untrue.

The attempted return of the handsets supplied in 2024

Sky have explained that Mr F asked to exit his more recent fixed sum loan agreements, within the cooling off period outlined in the terms and conditions. I can see from Sky's records of their contact with Mr F, where he asked to return the new devices in 2024 and where Sky sent him a returns envelope.

But, Mr F says he had similar concerns to before, where he was worried about being without a telephone while dealing with his personal circumstances. So, Mr F didn't return the devices to Sky, because he didn't have a replacement to use.

I acknowledge Mr F's reasons for not wanting to send the new devices back to Sky, without first having a back-up handset in place. But, given all the circumstances, I don't think it was unfair of Sky to expect Mr F to return the devices, before they ended his fixed sum loan agreements.

I say this because it's fair for Sky to inspect the devices first, before releasing Mr F from any responsibility to pay for the cost of them.

Summary

Having considered everything, I don't think Sky have breached the contracts they have with Mr F, in the sense where Mr F says each device he was supplied with, was of poor quality. Furthermore, I don't think Sky gave Mr F incorrect information about the deal he had entered

into, when he wanted to trade in his older handsets. So, for the same reasons as the previous ombudsman found in his provisional findings, I think Sky have treated Mr F fairly.

I'm aware that following my findings, Sky may start to contact Mr F to make arrangements for the repayment of the balance of the fixed sum loans in Mr F's name. In doing so, I remind Sky of their responsibility to treat Mr F's financial circumstances with due consideration and forbearance. This may mean, amongst other things, Sky carefully considering Mr F's income and expenditure to put together an affordable repayment plan, if he needs such an arrangement.

My final decision

My final decision is that I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 16 July 2025.

Sam Wedderburn
Ombudsman