

The complaint

Miss D complained about the way Telefonica UK Limited trading as O2 (“O2”) dealt with a repair for a phone she bought through a fixed sum loan agreement with it.

What happened

The circumstances of the complaint are well known to the parties, so I’m not going to go over everything again in detail. Miss D bought a mobile phone for around £1,300 through a fixed sum loan agreement with O2 in July 2023. She needed to make monthly repayments of around £35 for 36 months towards the loan. O2 is both the supplier of the phone and the finance provider.

Towards the end of May 2024, Miss D said that she experienced a problem with the phone following a software update. After trying to troubleshoot the issue, Miss D visited an O2 store but had to wait 30 minutes for it to open. She said that she was told the phone would need to be sent for repair and it would take up to five days for it to be returned. She was told the phone was in good condition before it was sent off.

Miss D didn’t receive any communication about the return of her phone, so she contacted O2 in a number of ways, but she said she was told conflicting information about the status of the phone and the repair. She was given £20 credit for the delays.

Subsequently Miss D was told she would have to pay for a repair to the phone as there was damage to the screen. Miss D disputed this as the phone was in good condition, and this was supported by the store’s assessment of the phone before it was sent for repair.

Miss D complained to O2 in early June 2024 and was initially offered £200 towards the repair which she declined. Miss D contacted O2 to ask that the phone would be replaced instead of repaired. O2 said the phone had been repaired and would be sent back to her towards the end of June 2024. However, Miss D didn’t accept the phone back and it was then returned by the courier to O2. O2 sent Miss D a replacement phone around mid-July 2024 and credited £100 for the inconvenience caused. Miss D remained unhappy and wanted more compensation because of the way O2 communicated with her and the delays and the impact the issue had on her health. She said she was inconvenienced because she was without a phone for a long time and because of the poor service she received.

Miss D referred her complaint to the Financial Ombudsman. O2 offered to credit her a further £100 for the issues she experienced. An investigator considered the complaint and thought the total amount of compensation of £200 O2 offered in response to Miss D’s complaint was fair.

Miss D disagreed and explained she didn’t receive an apology from O2 and there was a lack of accountability. In summary she said:

- There was a lack of formal apology for O2’s mishandling of the device, poor communication and distress caused.
- Service failures – there was repeated transfers between departments and delays and misinformation throughout the repair process.

- She received poor customer service from O2.
- There were breaches of the Consumer Rights Act 2015 and Unfair Trading Regulations 2008.

Miss D wanted more compensation for the distress and inconvenience caused.

As the matter remains unresolved it has been passed to me for a 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.

I want to acknowledge 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 matters quickly and with minimum formality. But I want to assure Miss D and O2 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.

Miss D bought the phone using a regulated fixed sum loan agreement, and our service is able to consider complaints relating to this sort of agreement. O2 is also the supplier of the goods under this type of agreement and is responsible for dealing with a complaint about the quality of those goods.

The Consumer Rights Act 2015 (CRA) is of relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory." The CRA also sets out what remedies are available to consumers if statutory rights under a goods contract are not met.

Miss D said there was a problem with the phone after there was a software update. Based on the evidence provided it's unclear if the phone wasn't of satisfactory quality. But as O2 repaired the phone and then replaced it, I don't think it's necessary to consider this further as I think it offered a remedy in line with the CRA – if the phone wasn't of satisfactory quality. I think even if I were to, I think there is insufficient evidence to make a determination as there is a lack of evidence. It doesn't seem to be in dispute that the replacement phone resolved the issues Miss D was experiencing with the problems with the phone.

Therefore, I've carefully reviewed the evidence and correspondence and contact notes between Miss D and O2 to determine whether the compensation offered is fair and reasonable.

It's clear Miss D remained in regular contact with O2 after sending her phone for repair and expected timely updates. O2 has acknowledged there were delays in returning the phone and updating Miss D on the repair and initially credited Miss D £20 in recognition of this. However, Miss D was then informed that there was screen damage to the phone and O2 asked her to pay for it. I think it's difficult to establish how and when the damage to the screen happened. However, given the phone was recorded in good condition by the O2 store I can understand if Miss D was confused when asked to pay for the repair to the screen. I can see O2 tried to resolve this by offering money towards the repair.

It appears that O2 repaired the phone and returned it to Miss D, it appears that O2 took steps to resolve the problems Miss D had with the phone, so it might have been a suitable remedy. However, I note Miss D didn't want the phone back and asked for a replacement. Miss D declined to accept the repaired phone back and it was returned to O2. It appears the

phone was processed back into O2's stock as there wasn't information about it, when it was returned. But I think by sending the replacement phone in response to her complaint O2 was trying to resolve the issues Miss D was experiencing. It also offered Miss D £100 compensation which it credited to her account.

I appreciate Miss D's strength of feeling, and I've noted the impact she said this issue had on her. She said she wanted more compensation than what O2 has offered. I've considered the actions of O2 and although I appreciate there were some delays and confusion, I think O2 took steps to resolve the issues, and I can see by mid-July 2024, Miss D was sent a replacement phone. I'm not saying things didn't go wrong, but I think O2 has acknowledged the delays and the distress caused and apologised for the inconvenience caused. It initially offered £100 compensation and later increased this to £200 following escalation to this service. Taking into account the length of the delay, the communication difficulties and the steps O2 took to resolve the matter, I consider O2's total offer of £200 in response to Miss D's complaint to be fair and appropriate compensation for the inconvenience and distress experienced by Miss D. I think this is a fair way to resolve the complaint and I won't be directing O2 to increase the compensation amount.

My final decision

Telefonica UK Limited trading as O2 has already credited Miss D's account with £100 and made an offer to credit a further £100 to settle the complaint and I think this is fair and I'm not going to direct it to do anything more.

So my decision is that Telefonica UK Limited trading as O2 should credit Miss D a further £100 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 3 December 2025.

Amina Rashid
Ombudsman