

The complaint

Mr T has complained about the way Sky UK Limited dealt with a claim he'd made for a faulty phone he'd bought using a fixed sum loan agreement he had 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. But to summarise, in July 2022 Mr T bought a phone using a fixed sum loan agreement with Sky for around £1,250. The agreement was to be paid back over three years.

Mr T said the phone stopped working around April 2024 and he reported this to Sky. He said Sky contacted him over the next few weeks in an effort to troubleshoot the problem. He said this didn't work so he sent the phone in for repair although he didn't want to be without the phone in case he needed it for an emergency. Mr T said he sought to reject the phone under the Consumer Rights Act 2015 ("CRA") in May 2024. He said he bought another phone elsewhere and he cancelled his direct debit.

Over the next few months Sky wrote to Mr T about the arrears that were building. And Mr T wrote to Sky complaining and reiterating he was seeking rejection.

Mr T decided to refer his complaint to the Financial Ombudsman. He also told us he was unhappy with the way Sky dealt with the claim overall, and that it had recorded adverse information on his credit file.

Sky said it has a consumer credit agreement with Mr T for the device, and also an airtime agreement with him. It said Mr T previously had network issues in 2023, which it addressed for him, and appropriate compensation was provided. But it said those issues were separate to the credit agreement for the device. Sky said when Mr T sent his phone in for repair in 2024, it fulfilled its obligations by completing an in-warranty repair. Given the time that had passed, it no longer had details of what happened. But it did add that despite Mr T saying he wasn't able to make and receive calls or use data it couldn't detect those issues.

Our investigator looked into things but didn't think there was enough evidence to support the device wasn't of satisfactory quality. So she didn't make any recommendations.

Mr T didn't agree. He said he'd provided enough evidence to show the phone wasn't of satisfactory quality. He said he had a right to end the contract, and that Sky had been harassing him when he was vulnerable.

I issued a provisional decision where I concluded:

Overall, I've not seen enough to demonstrate there was a breach of contract that meant Mr T had the grounds to reject the device. While I'm sorry to hear he had issues with the device, I can only base my decision on the evidence presented, and I think it would be for Mr T to demonstrate the device wasn't of satisfactory quality. I think Sky offered the sort of support I'd expect up to when it sent the phone back from repair. But based on the evidence

presented, I think Sky failed to respond to Mr T's further request for help or his expressions of dissatisfaction. I think Sky should pay £100 to recognise the impact of that. And given there's a chance Mr T may have continued to make repayment had Sky responded, I think it should give him the opportunity to repay the arrears, and if this is done within a reasonable amount of time it should remove adverse information from his credit file.

Sky responded with further evidence which changed my view of the complaint, so I sent a side letter to the parties saying:

Based on the evidence supplied, which I've asked our investigator to include in this response, I think Sky did follow up to [Mr T]'s complaint from June. It wrote to him to explain its position and also said it would provide him a final response letter to give him details to be able to refer his complaint to the Financial Ombudsman if he remained unhappy. The evidence indicates it gave [Mr T] referral rights in June 2024, and it also reiterated what it said in November 2024 because it felt it had reached an impasse.

I primarily need to consider what happened up to when Sky sent a final response letter because the events preceding this relate to what it had the chance to consider.

While I can understand why [Mr T] was unhappy, I think Sky broadly acted fairly up to when it gave him referral rights in June 2024. It took the sort of actions I'd expect when he reached out to it for help with the quality of the device. And it's now shown it responded to his further correspondence.

I can see there was further contact around July/August in relation to [Mr T] cancelling his broadband due to a home move. This doesn't relate to a financial service I can consider a complaint about. But I can see Sky also reiterated to [Mr T] that his credit agreement complaint hadn't been upheld. So I think [Mr T] knew Sky's position and had enough information to know what steps to take if he was unhappy.

Overall, I've still not seen enough there was a breach of contract to show the phone wasn't of satisfactory quality. I think Sky responded to [Mr T]'s communications and complaints. So I don't have the grounds to direct it to pay compensation or amend his credit file.

Mr T responded to say I'd ignored all his evidence and that I was incorrect there wasn't a breach of contract. He said he'd provided details of the device breaking down in May 2024 and gave Sky a reasonable amount of time to fix it. He said he was entitled to terminate the contract under the CRA. He said he shouldn't have to pay for a phone that didn't work under a contract he'd terminated.

Mr T also said Sky didn't send him letters. All he received was demand for payment for the broken phone. He said the facts were clear that the phone was faulty from at least 2 May 2024 and none of its functions worked.

I can't see we received a further response from Sky.

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'd like to thank the parties for their responses. Mr T's main argument is that he validly terminated the contract. I think he means that he validly sought rejection of the goods and that the associated credit agreement should therefore have ended. While Mr T thinks the matter is clear cut I'd have to disagree. I've not got sufficient supporting evidence such as an

independent report that the phone firstly had a fault, and secondly that the fault made the phone of unsatisfactory quality.

It's important to note Mr T was able to use the phone for quite some time before he said there were issues with it. He bought it in July 2022. Given the faults weren't reported until a year or two into the agreement I'd like to have been much more certain what the faults were, and that they related to an inherent issue. Devices can go wrong for any number of issues. But not all of those issues would be something that'd constitute a breach of contract. For example, if the customer dropped the phone and it stopped working, downloaded a corrupted app or virus, or the phone was subject to water damage, all of these things may not lead to a breach of contract that Sky would be responsible for. So while I'm not saying something definitely didn't go wrong, I can only base my decision on the evidence presented. And without sufficient evidence for what was wrong, and the cause of the issue, I don't have the grounds to uphold the complaint on that basis.

Moreover, I've also set out why I thought Sky had responded to Mr T's complaint fairly. And I don't think its contact was harassment. Mr T was required to maintain payments as per the agreement and so if he didn't do so, I don't have the grounds to direct Sky to amend the reporting if it's reported that. I'd suggest he speaks to Sky about a way forward. If Mr T was able to obtain further evidence that the phone wasn't of satisfactory quality, it may be something he can present to Sky for it to consider. But having considered everything under this complaint, I'm not going to make any directions.

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 T to accept or reject my decision before 21 August 2025.

Simon Wingfield
Ombudsman