

The complaint

Mr J complained about the way Vodafone Limited (“Vodaphone”) administered fixed sum loan agreements he’d taken out to buy phones.

What happened

The events surrounding this complaint are well known to both parties, so I’ll only summarise what happened briefly here.

Mr J bought a phone (“Phone 1”) for £641 in December 2022 using a fixed sum loan agreement with Vodafone. Mr J made an upfront payment of £29. The agreement required 36 payments of £17. He also entered into a separate agreement for an airtime plan, with the payments for both the device and airtime plan due to be taken by separate direct debits.

Mr J bought another phone (“Phone 2”) for £678 in December 2024, again using a fixed sum loan agreement with Vodafone. Mr J made an upfront payment of £30. This agreement required 36 payments of £18, due to be taken through direct debit as well. New bank account details were provided by Mr J at this point to take the payments for his agreements with Vodaphone.

There were problems taking direct debits for the Phone 1 agreement, which caused Mr J to complain to Vodaphone, who awarded £100 and £20 in vouchers to Mr J. However, the direct debit issues continued and so the complaint was brought to the Financial Ombudsman.

Vodaphone then made an offer to clear the remaining balance on the Phone 1 agreement which, at the time amounted to £102, for the inconvenience caused to Mr J.

Our investigator agreed that this was a fair resolution to the complaint, but as Mr J disagreed 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators’ rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

Having considered all the circumstances, I’ve reached the same overall conclusions as the investigator for broadly the same reasons. I’ve read and considered the evidence submitted by both parties, but I’ll focus my comments on what I think is relevant. If I don’t comment on a specific point, it isn’t because I haven’t considered it, but because I don’t think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the quick and informal nature of this service in resolving disputes.

Mr J bought phones using fixed sum loan agreements from Vodafone. These are regulated consumer credit agreements, and our service is able to consider complaints relating to them.

The direct debit problems

The direct debit payments for the January and February 2025 instalments on the agreement for Phone 1 were not processed. As a direct result of this Mr J had to contact Vodafone and make manual payments to ensure there were no missed payments on the account.

After Vodafone looked into this, March 2025's direct debit instalments were processed correctly, before there was another issue with April 2025's direct debit payments for both the Phone 1 and Phone 2 agreements. This resulted in Mr J being chased for payment on both of these accounts, causing him to again have to contact Vodafone. The payments for these agreements were later successfully taken.

It appears from this point onwards the direct debit payments for the agreements for Phone 1 and Phone 2 have been processed correctly, so it appears the issue has now been resolved.

It's not in dispute that something went wrong here, although it's not totally clear it was a Vodafone issue. I'm sorry to hear of the impact these repeated issues had on Mr J. He has described being on hold on multiple occasions for long periods of time when attempting to contact Vodafone when things had gone wrong, and the stress and confusion of similar issues reoccurring after being reassured by Vodafone that they had been resolved. This resulted in disappointment from the loss of expectation that there would be no further issues.

I can see that when Vodafone first looked at the direct debit issues which occurred on the agreement for Phone 1 in January and February 2025, Vodafone awarded £100 plus a £20 voucher. I've considered whether this award represented a reasonable reflection of the impact on Mr J, and having done so I'm satisfied that it does. Mr J has clearly been inconvenienced by having to spend time contacting Vodafone to make manual payments on these occasions, but an award of this amount is in line with what I'd have recommended had Vodafone not made an award, as long as it was Vodafone who were at fault.

After the problems resurfaced in April 2025, and Mr J brought the complaint to our service, Vodafone offered a further £102 in the form of waiving the remaining amount on the agreement for Phone 1, as well as offering to issue an apology to Mr J. So I've also considered whether this award represented a reasonable reflection of the impact on Mr J, and having done so I'm satisfied that it does as well. I say this because whilst it would have undoubtedly been concerning and confusing for Mr J, to receive the payment chasers from Vodafone, the issue was resolved relatively quickly from this point in time, with the direct debit payments being successfully taken later in April 2025. There's also no indication that the direct debit payments that took place after this had any issues, so it appears it was resolved from this point onwards.

I've noted that Mr J feels strongly that the initial awards of £100 and the £20 voucher are separate to the complaint at hand, which is why I've considered each aspect individually here. For completeness though, I do think the total awards of £202 (£100 + £102) plus the vouchers, are a fair and reasonable reflection of the impact these direct debit issues have had on Mr J.

The service interruptions

Mr J has raised concerns about his airtime being restricted when the payment problems happened. He has described the impact of this on him as it is important to him to be available for contact at all times for both his children's schools as well as his work.

I'm sorry to hear about the impact the situation had on Mr J. Despite my natural sympathy I remain impartial when considering the complaint.

The Financial Ombudsman can only consider complaints about airtime plans where the issue is ancillary to a regulated agreement. For the purposes of this complaint, that would mean that if the airtime on Mr J's account had been restricted as a consequence of the arrears on the Phone 1 or Phone 2 fixed sum loan agreements, then the Financial Ombudsman could potentially comment on this. So I've considered whether that was likely the case in this instance.

Having done so, I'm not persuaded that is what happened here, which means I can't comment on the airtime issues. I say this because, the agreements for Phone 1 and Phone 2 were not in arrears for a long enough period of time, for airtime service restrictions to be an issue. Vodaphone have shared their collection process, which sets out that the first impact on an airtime plan would be after 16 days of non-payment following the bill due date. Looking at the payment history on the agreements for Phone 1 and Phone 2, the arrears were not present on the account for 16 days at any point. So it doesn't appear that the airtime issues Mr J encountered were related the direct debit problems, and so this isn't something the Financial Ombudsman can comment on.

Putting things right

Vodaphone have confirmed that the agreement for Phone 1 has now been fully paid. So the £102 should now be paid directly to Mr J.

My final decision

Vodaphone Limited has offered £102 and I think that offer is fair.

My final decision is that Vodaphone Limited pay Mr J £102.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 January 2026.

Jonathan Wistow
Ombudsman