

The complaint

Mr S complained about the way Vodafone Limited administered a fixed sum loan agreement he'd taken out to buy a phone.

What happened

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

Mr S bought a phone for around £720 in March 2022 using a fixed sum loan agreement with Vodafone. Mr S made an upfront payment of £9. The agreement required 36 payments of £20. He also entered into a separate agreement for airtime. Vodafone recorded a default due to missed payments and Mr S contacted it to complain. He said he hadn't received any notifications about the arrears, and he wanted the negative information to be removed from his credit file.

Vodafone responded to the complaint in March 2025 to say that it had sent all the required notices. It offered a goodwill credit of £17.50 but didn't uphold the complaint.

Mr S referred his complaint to the Financial Ombudsman. An investigator here thought that Vodafone hadn't acted unfairly because it had sent all the required communication, and didn't recommend it do anything further. Mr S didn't agree. In summary he said:

- He was waiting for an assessment for a medical condition which affected his concentration, organisation, and the ability to manage day-to-day tasks like handling bills, understanding formal letters, and staying on top of deadlines.
- He hadn't let Vodafone know about this until recently, but the challenges contributed to him missing payments and responding to letters in time.
- The Financial Conduct Authority (FCA) issued guidance on treating vulnerable customers fairly highlights that companies should be mindful of hidden or emerging conditions.
- He'd made a clear effort to pay what he owed, regularly making catch up payments and settled the full balance in September 2024
- He understood that Vodafone was within its rights to record a default but asked whether it was the fair or proportionate action to take considering he was doing his best to manage the situation.
- He found the information hard to understand and didn't understand the seriousness of the situation. There was no follow up by phone or in a way that might have helped someone like him understand.
- Just because the letters were sent doesn't mean that they were clearly received or understood.
- He wasn't asking for Vodafone to be punished or the rules ignored, he was asking for fairness and compassion considering the difficulties he's been facing and the steps

he's taken to put things right.

Mr S asked for the complaint to be decided by an ombudsman, so it's been passed to me.

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.

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

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 S bought the phone using a fixed sum loan agreement from Vodafone. That is a regulated consumer credit agreement, and our service is able to consider complaints relating to it.

The fixed sum loan agreement that Mr S signed sets out the consequences of not making payments of the correct amount on the due date. It also explains that Vodafone could send a default notice requiring arrears to be paid by a certain date and if that didn't happen then it could terminate the agreement and ask for full immediate payment. The agreement also explains how and when Vodafone could report missed payments and default to the credit reference agencies. By signing the agreement Mr S accepted those terms so I don't think that Vodafone acted unfairly in expecting payments in line with the agreement and it had the grounds to report a true reflection of the payment history including the missed payments and default to the credit reference agencies.

It doesn't seem to be disputed that Mr S missed a number of payments towards the loan over an extended period. He'd agreed to make monthly repayments to the loan, but this didn't always happen. The direct debit had been cancelled by Mr S and Vodafone received notification from his bank that further direct debits had failed. The relevant guidance broadly says that defaults can occur when the customer is three months in arrears, and normally by the time they are six months in arrears. Vodafone sent a default notice in April 2023 when Mr S was three payments behind. The notice let him know that he needed to make a payment of at least £56.25 by 5 May 2023. Mr S made a manual payment of £75 on the 4 May 2023 to cover the arrears. Vodafone didn't report a default on this occasion and Mr S had cleared the arrears. But monthly payments didn't continue as required, and Vodafone sent a further default notice in August 2023. Mr S had missed three more payments. It then sent a termination notice when the arrears weren't cleared. It seems that Vodafone followed the guidance for when defaults can be recorded, so I can't say that it acted unfairly.

Vodafone sent a number of letters over an extended period. These are the sorts of documents that I'd expect to see when payments were missed. So, I think it did give fair notice to Mr S that there was a problem and what he needed to do.

Making sporadic payments towards an agreement is generally a sign that the agreement between the parties has defaulted. Mr S took action on some occasions after being notified by Vodafone, so I think there was some awareness that he needed to act. There was a responsibility for him to maintain payments in line with the agreement. Even though he did manage to clear the arrears on the first occasion, the default was recorded subsequently based on the way he'd not maintained further payments. He didn't settle the account for a year after it was terminated, so I think that the account being defaulted was inevitable regardless of what Vodafone did.

I can appreciate that Mr S thinks that Vodafone ought to have performed a welfare check to see why he was missing payments. That's not something that Vodafone needed to do. But equally I think that he had enough communication from Vodafone, and opportunity, to seek support earlier. He's told us that he didn't recognise his condition at the time, and I'm pleased to hear he's now seeking support. I think it would be equally difficult for Vodafone to make assumptions about why someone was missing payments and whether that was caused by a specific vulnerability other than financial difficulties. I don't think there was an opportunity for Vodafone to identify a need. I can see that Mr S explained to Vodafone in March 2025 that he might need adjustments to communication, but at the relevant time it simply didn't know.

I understand and sympathise that Mr S might not have had a good control over his finances for the reasons he's explained. But even though I have sympathy for his situation that doesn't mean I can direct Vodafone to remove the default or any other adverse information relating to his account. It's not in dispute that payments were missed. So having considered everything carefully I don't find I have grounds to direct it to take further action. Vodafone needed to report a true reflection of his payment history, which it has done, so I don't require it to do anything further to resolve this complaint.

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 S to accept or reject my decision before 23 October 2025.

Caroline Kirby
Ombudsman