

The complaint

Mrs C complains about a fixed sum loan agreement she has with EE Limited that was used to buy a brand new mobile telephone device.

What happened

In November 2024, Mrs C took out a fixed sum loan agreement with EE, to pay for a brand new mobile telephone handset. The handset had a cash price of about £240 and under the agreement, Mrs C was required to make monthly repayments of around £10 over a two year period.

However, shortly after receiving the handset, Mrs C changed her mind and asked EE if she could return it and end the finance contract. EE agreed and sent Mrs C a plastic returns envelope, which had EE's address printed on the front. Mrs C says that once she had the envelope, she placed her handset inside and took it to a Post Office branch. Mrs C goes on to say that the assistant at the Post Office then gave her a receipt as proof of postage.

Around a month later, Mrs C says she was surprised to find that EE hadn't closed the fixed sum loan agreement. So, she called them to talk about her concerns. EE explained to Mrs C that they hadn't received the handset she said she had returned. Mrs C wasn't happy with EE's explanation, so she raised a complaint.

In their final response to Mrs C's complaint, EE said their records show that the returns envelope hadn't been used. And they couldn't see any tracking information, to demonstrate where the envelope may have arrived at the intended address. EE said it was unlikely Mrs C had returned the handset, so continued to hold her responsible for the balance of the loan. Mrs C didn't accept EE's response and brought her complaint to this service.

One of our investigators looked into Mrs C's complaint and found that EE hadn't treated Mrs C fairly. She said Mrs C's Post Office receipt and the strength of her testimony were persuasive. Overall, the investigator found it likely Mrs C had returned the handset and used the returns envelope. So, the investigator asked EE to allow Mrs C to exit the fixed sum loan agreement, refund the repayments she had made with interest added, and to remove any adverse information from Mrs C's credit file.

EE didn't agree with the investigator's findings and said the receipt didn't show that the envelope was used, or the handset was returned. The investigator didn't change her conclusions and Mrs C's complaint has now been passed to me to make a final 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 where I've summarised the events of this complaint. I don't intend any discourtesy by this, it just reflects the informal nature of our service. I'm required to resolve complaints quickly and with minimum formality.

I'd like to assure Mrs C and EE 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.

Mrs C bought the brand new handset using a regulated fixed sum loan agreement, and our service is able to deal with complaints relating to these sorts of agreements. From what I can see, EE was the supplier of the device as well as the creditor.

In her complaint to EE, I can see that Mrs C had told them that she wanted to return the handset she had bought using the loan. I can also see where EE posted a returns envelope to Mrs C and where she acknowledged receipt of it. So, I'm satisfied Mrs C had the correct stationary to return the handset.

During our review, EE have explained the envelope had the address printed on it, before they sent it to Mrs C and that the standard postage was already paid. This means the steps and cost to Mrs C were simplified, in that all she had to do was place the handset inside the envelope, seal it and take it to the Post Office. Against this background, I'm persuaded that the envelope would be posted to the address where EE needed the handset returned to.

EE haven't provided a copy of the instructions given to Mrs C and haven't said if she had an option to send the envelope back in a different way. I'm aware that Mrs C may have had an opportunity to pay the cost of a more secure delivery method, depending on the value of what was posted. But, EE haven't shown where this happened in Mrs C's case. After thinking about all the evidence, I think Mrs C is likely to have followed the process given to her.

Furthermore, I can see where the serial number of the returns envelope is recognised by the Post Office, but they are unable to provide an update on the delivery. This is different to when an envelope has yet to be used. So, I think there is further investigation into Mrs C's returns envelope that EE could have undertaken. After all, they are the customer of the Post Office, since EE have paid for the service, not Mrs C. It also means that there may be a claim through the Post Office, which EE may be able to pursue if the envelope has been lost.

Aside from the returns envelope and the instructions, I think the receipt held by Mrs C supports where it's likely Mrs C sent the handset back to EE. The receipt shows that the destination address matches what EE say was on the returns envelope and what is included on their website. The Post Office branch, date and time match with Mrs C's version of events. But, there isn't a record of the contents of the envelope.

I've found that EE haven't told us about any options given to Mrs C, to ensure the contents of the envelope is recorded on the Post Office receipt. And I think the details on the receipt are largely out of Mrs C's control. But, I am persuaded the receipt is genuine and contains the details that Mrs C is required to show that she used the returns envelope.

EE's records also show where the handset they supplied to Mrs C hasn't been used on their network. I need to keep in mind that the device could still be used on a different network. But, EE haven't provided evidence to show where the software on the handset has been updated since Mrs C raised her complaint in December 2024. In light of what I can see from EE's monitoring of the handset, I'm not persuaded it is in use. So, I think this strengthens Mrs C's view that she returned the handset to EE.

I'm aware that I've placed the most weight on the receipt Mrs C has sent to us, and on what we can see EE told her about the returns process. Additionally, I've found Mrs C to be credible and consistent throughout her dealings with EE, the Post Office and our service. Based on that evidence and where the handset doesn't appear to have been used, on

balance, I think Mrs C sent the handset back to EE.

It then follows that I don't think EE have treated Mrs C fairly by holding her responsible for the balance of the fixed sum loan agreement. So, I think it's fair for EE to allow Mrs C to exit the loan agreement at no additional cost to her. I also think it's fair for EE to refund any repayments Mrs C has made to the loan, since it was opened in November 2024.

Mrs C hasn't had the use of the funds she has paid to EE since the start of the fixed sum loan. So, I think it's fair for EE to also add interest at 8% a year simple, to each repayment, from the date each payment was made, to the date of settlement of this complaint.

I've not seen where EE may have recorded adverse information on Mrs C's credit file for any missed payments. But, I'm aware Mrs C is worried about that and has tried to prevent it from happening by keeping up with repayments. So, I think it's fair for EE to remove any adverse information they may have passed on to credit reference agencies about the fixed sum loan agreement.

Putting things right

For these reasons, EE Limited should:

1. Allow Mrs C to exit the fixed sum loan agreement and cancel it, at no additional cost to her;
2. Remove any adverse information about Mrs C's fixed sum loan, from the details held with credit reference agencies;
3. Refund all the repayments to Mrs C that she has made under the fixed sum loan agreement from the start of the loan, to the date of settlement of this complaint; and
4. Add interest at a rate of 8% a year simple to part three of this settlement, from the dates the repayments were paid, to the date of settlement of this complaint.

EE must pay these amounts within 28 days of the date on which we tell them Mrs C accepts my final decision. If they pay later than this, they must also pay interest on the settlement amount from the date of final decision to the date of payment at 8% a year simple.

If EE deducts tax from any interest they pay to Mrs C, they should provide Mrs C with a tax deduction certificate if she asks for one, so she can reclaim the tax from the tax authorities if appropriate.

My final decision

My final decision is that I uphold Mrs C's complaint and require EE Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 January 2026.

Sam Wedderburn
Ombudsman