

Complaint

Mrs D has complained about loans Vodafone Limited ("Vodafone") provided to her. She says that she shouldn't have been provided with so many agreements and that it was irresponsible for Vodafone to do so when her credit score was poor.

Background

Vodafone entered into three separate credit agreements, in order to facilitate the purchase mobile phone handsets, with Mrs D. As far as I can see, for the purposes of this complaint, her lending history with Vodafone is as follows:

Agreement	Date	Item	Amount	Repayment
1	June 2024	Phone	£1,116	£31 for 36 months plus £40 deposit
2	June 2024	Phone	£1,008	£28 for 36 months plus £40 deposit
3	July 2024	Phone	£1,008	£28 for 36 months plus £40 deposit

In September 2024, Mrs D complained to Vodafone saying that it irresponsibly provided her with the funds to make these purchases. Vodafone didn't agree with Mrs D's complaint. It didn't think that it had done anything wrong when entering into the agreements with Mrs D. Mrs D remained dissatisfied and referred her complaint to our service.

One of our investigators reviewed what Mrs D and Vodafone had told us. She didn't think that Vodafone had done anything wrong in providing these loans to Mrs D and so didn't recommend that the complaint be upheld.

Mrs D disagreed with our investigator's assessment and asked for an ombudsman's decision.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs D's complaint.

Having carefully considered everything, I've not been persuaded to uphold Mrs D's complaint. I'd like to explain why in a little more detail.

I think that it would be helpful for me to start by explaining that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early

stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement was affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Vodafone says it agreed to Mrs D's application after it carried out credit searches on her. And, in its view, the information it obtained indicated that Mrs D would be able to make the monthly repayments of £31, £59 and £87. On the other hand, Mrs D says that she had a poor credit score and so she shouldn't have been lent to.

I've carefully considered what the parties have said.

I note what Mrs D has said about having missed payments. However, there seems to be no dispute that Mrs D didn't have any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") - recorded against her at the time of her applications.

Furthermore, while I appreciate that Mrs D may have previously had returned payments with Vodafone, it is my understanding that her account had been brought up to date at the time of her applications too. So while I appreciate that Mrs D may not agree, I don't think that her credit history did indicate that she shouldn't have been lent to in any circumstances in the way that she argues.

For the sake of completeness, I'd also add that even if I were to agree Vodafone should have done more, at the absolute most I would have expected Vodafone to have had a better understanding about Mrs D's actual regular living expenses. I say this in the knowledge that Mrs D's difficulty making her payments wasn't due to her regular living expenses and other non-discretionary expenditure being significantly different to any assumptions Vodafone may have relied on. I understand it was because of Mrs D's gambling.

Nonetheless, what is important to note is that Vodafone wasn't aware of the extent and nature of Mrs D's gambling. Particularly as it appears to be the case that Mrs D was moving funds between her current accounts in order to gamble. Given the circumstances here as well as what I think that Vodafone needed to find out, I don't think that reasonable and proportionate checks would have extended into obtaining bank statements for multiple accounts – especially as bank statements weren't the only way that Vodafone could find out about Mrs D's regular living expenses in the first place.

In my view, delving into the detail of the bank statements Mrs D has now provided us with, isn't commensurate with a proportionate check for credit limits of the amounts granted, bearing in mind what the rest of the information that Vodafone gathered showed. I'm therefore satisfied that Vodafone taking further steps to find out more about Mrs D's living expenses won't have led it to determine that the repayments to these loans were unaffordable.

For the sake of completeness, I think that it is also worth me pointing out that even if I were to uphold Mrs D's complaint, our typical approach to putting things right would involve refunding any interest that a customer paid. The expectation is that the customer will repay the funds they've had the use of.

In this case, all of Mrs D's agreements with Vodafone were interest free. Therefore, she wasn't required to pay any interest on any of her agreements. As this is the case, there isn't any interest to remove from Mrs D's balances and she is already in the capital position I would have directed Vodafone to place her in, had I agreed that it shouldn't have provided this credit to her. Therefore, it is unlikely that I would have made an award here.

In reaching my conclusions, I've also considered whether the lending relationship between Vodafone and Mrs D might have been unfair to Mrs D under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've already explained, I'm satisfied that Vodafone did not lend irresponsibly or treated Mrs D unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that Vodafone acted unfairly when providing Mrs D with these loans, or that in any event she suffered a loss that I would be able to compensate her for. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Mrs D. But I hope she'll understand the reasons for my decision and that she'll at least feel that her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 September 2025.

Jeshen Narayanan
Ombudsman