

The complaint

Mr B is unhappy Hutchison 3G UK Limited trading as Three are asking him to pay off a fixed sum loan agreement after he upgraded his phone contract.

What happened

Mr B took out a fixed sum loan agreement with Three to pay for a mobile phone in late 2023, with repayments over a 36-month term. In March 2025, Mr B upgraded his phone with Three, taking out a new fixed sum loan agreement to pay for the handset.

Mr B says when he took out the upgrade through his Three app, it said he was “replacing” his old phone, which he understood meant he didn’t need to pay anything more towards the 2023 agreement. A few weeks later he noticed the 2023 agreement was still showing on his app and asked Three why - Three told Mr B he still had to repay the 2023 agreement alongside the 2025 agreement.

Mr B complained that he couldn’t afford to pay for both agreements. Three said the terms of the agreements set out the length of time Mr B had to make payments, and he’d signed these. It said their website explained to customers that they needed to continue to pay the balance of an old device plan when upgrading or pay it off in full. However, Three offered Mr B the chance to return the new phone and cancel the 2025 agreement, and a 30 day pause on the account, to resolve the complaint. Mr B didn’t accept this and asked Three to cancel the 2023 agreement balance instead.

As Mr B remained unhappy, he brought the complaint to our service. Our Investigator didn’t think Three had treated Mr B unfairly, as the Upgrades section of the website explained Mr B would still need to pay for an old device if he had an outstanding balance. He also said Three’s offer would put Mr B back in the position he would have been in before taking out the upgrade, and while it wasn’t clear if that offer was still in place, it went beyond what Three needed to do.

Mr B didn’t accept the findings and said the app didn’t include the same messages about paying off the old device. He argued the wording of the order confirmation said he was “replacing” the old phone, not that he was “adding to” his 2023 agreement cost. He also provided a section of the 2025 agreement details which said there was a £0 upfront charge to pay for the upgrade.

The Investigator said they didn’t think the word “replacing” meant Three should release Mr B from his contract for the 2023 agreement – and explained the £0 upfront charge mentioned was for the cost of the new phone. As Mr B didn’t agree, the case has been assigned to me for 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.

Having done so, I agree with the outcome reached by the Investigator – and I’ll explain why.

Three provided both phones to Mr B through regulated consumer credit agreements. Mr B says Three mis-sold the 2025 agreement to him as he understood the 2023 agreement would be replaced, rather than running alongside the new upgrade. So, I can consider a complaint about what Mr B was told when Three sold him the 2025 agreement, including information about the remaining payments due on the 2023 agreement and what the 2023 agreement says.

I asked Three to provide copies of the screens Mr B would have seen when upgrading through his app. It sent the sales journey to me for a similar upgrade, and while this isn't dated and shows an upgrade to a different device, I think I can reasonably rely on this to show what Mr B most likely saw when he completed the upgrade.

I've found the sales journey included the following:

- The 'upgrades' page starts with a short paragraph explaining what will happen if you still need to pay off a contract: "If you have a device plan agreement, you'll need to continue paying this until your balance is paid off. Or pay off your balance today by selecting 'Make a payment' on your app homepage."
- The individual item page has a further message in a highlighted box, at the top of the page: "If you're making monthly device payments, you'll need to keep making those repayments until the outstanding balance is cleared."
- The order summary in the 'basket' lists the new device plan and contracts, then says "You're replacing" followed by the old device details.
- There's a message on the 'basket' page explaining you can reduce the cost of your contract with a trade-in – but this doesn't repeat the earlier statement that any existing agreement needs to be repaid.

Mr B says he didn't see any messages telling him his existing contract would need to be repaid. And I understand he strongly believes the word "replacing" can only be taken to mean his 2023 contract would no longer need paying.

On balance I think it's more likely Three did display the messages about paying an old agreement when Mr B went through the sales process – even if Mr B didn't read or spot them. I do accept Mr B's concerns that the wording Three used when it said he was "replacing" his old contract could be interpreted in different ways. But I think there had also been sufficient clear information earlier in the sales process, explaining Mr B still needed to pay for his old device.

I've also kept in mind that Mr B knew he had a three-year agreement to pay for his 2023 handset, and he wasn't trading in or returning that phone. The terms of the 2023 agreement also explain Mr B has to pay for the contract in full. Overall, I'm not persuaded Three's phrasing means it misled Mr B when he upgraded his phone contract.

Mr B sent a copy of the email for his upgrade, showing there was a £0 upfront charge for the upgrade. I've looked at this carefully and I think it shows Mr B he didn't have to pay an additional upfront payment for the new handset. I don't agree this means he didn't have anything left to pay from his existing 2023 contract.

To be clear, even if I did think Three had treated Mr B unfairly here, I likely wouldn't be asking it to write off the debt he owes for the 2023 agreement. Instead, a fair remedy would probably involve putting Mr B back in a position similar to where he was before entering into it. This is what Three had offered to Mr B to resolve the matter, but he declined this offer – and it's no longer available. As I don't think Three treated Mr B unfairly during the upgrade and so much time has passed, I don't think I can fairly ask Three to reinstate the offer now.

I'm sorry to hear Mr B is struggling with the impact of financial difficulties caused by having to pay for the agreements. Three has told me Mr B has kept up with payments for the 2025 agreement but hasn't paid the 2023 agreement for several months – so it's now been passed to a third-party debt agent. I understand this can cause a lot of worry, but I don't think Three has acted unreasonably when asking Mr B to make payments for the 2023 agreement, or when passing the debt to collections. Mr B should be able to speak to the third-party company about the outstanding balance, and I'd expect it to work with him to find a way forward with the payments.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 February 2026.

Hannah Dunkley
Ombudsman