

## **The complaint**

Miss C complains that Sky UK Limited provided her with four fixed sum loan agreements that she says were unaffordable for her.

## **What happened**

In 2021, Miss C says that Sky provided her with four fixed sum loan agreements for four mobile phone contracts. She says this totalled close to £6,000 and were provided over a period of four months between June 2021 and October 2021.

Miss C says it ought to have been clear to Sky, from the checks it should have carried out, that she was not in a position to make repayments to the loans. She adds that had it performed adequate checks, it would have seen that her salary realistically wouldn't cover the repayments after other debts were taken into account. She also says that her credit score would also have reflected that repayments would have been unaffordable. In addition to this, she says that if Sky had done proper checks on her bank account, it would have shown she was consistently in her overdraft.

To put things right, Miss C said she wants Sky to refund all interest and charges and remove the negative reporting from her credit file.

Sky didn't uphold Miss C's complaint. It said that it had carried out the appropriate checks and her applications for the loans were correctly accepted.

An Investigator considered the evidence provided by both parties, but they didn't think Miss C's complaint should be upheld. They explained that because the loans were offered on an interest free basis, with no charges being applied for late payments; even if they were to find that Sky had done something wrong, there would be no redress due back to Miss C. However, the Investigator explained to Miss C that the loans appeared affordable and so didn't uphold the complaint.

Miss C didn't agree with the Investigator's view. I have summarised her main points below:

- She should get compensation from Sky for lending her irresponsible amounts. And it should remove any adverse reporting from her credit file.
- Sky hasn't shown her the checks it completed. And she doesn't recall being asked for salary information.
- She had late payments on her Sky TV account, so this ought to have shown that she wasn't a reliable payer.
- It should have been a red flag that she took out so many loans for mobile phones in such a short space of time.
- By the time she had taken out the final contract with Sky, she had an increased amount of debt and opened more credit accounts.
- The credit file she has provided is no longer accurate as she has had accounts

removed from her credit file. The accounts that have been removed showed negative information.

- On a separate complaint, an Investigator has upheld her concerns which relate to the same time period as in dispute here.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

### **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 think it's important to firstly explain that I've read and considered all the information provided by both parties in reaching my decision. If I've not reflected something that either party has said or commented on a piece of information that's been provided, that's not because I haven't seen it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended to be a discourtesy to either party. Rather, it reflects my informal role in deciding a fair and reasonable outcome.

Having considered all of the available evidence, I've decided not to uphold Miss C's complaint. I appreciate this will come as a disappointment to her, as I can see how strongly she feels about what's happened, however I will explain my reasons for this below.

Before I go on to explain how I have reached my outcome, I have set out the below information about the various loans Miss C took out with Sky. I've done this by way of background, but also because the series of events differ to what Miss C told this service in her original submissions (which I've referred to in the background of this complaint).

- Loan 1 – taken out on 11 July 2021. Total amount of credit was £1,199.88 to be repaid over 36 months. The first 24 monthly repayments were £37.37 and the final 12 repayments were £25.25.
- Loan 2 – taken out on 18 August 2021. Total amount of credit was £919.92 to be repaid over 36 months. The first 24 monthly repayments were £26.83 and the final 12 repayments were £23.
- Loan 3 – taken out on 30 August 2021. Total amount of credit was £658.92 to be repaid over 36 months. The first 24 monthly repayments were £21.08 and the final 12 repayments were £12.75.
- Loan 4 – taken out on 5 September 2021. Total amount of credit was £811.80 to be repaid over 36 months. The first 24 monthly repayments were £23.95 and the final 12 repayments were £19.75.

All loans were provided on an interest free basis.

The rules and regulations in place at the time Miss C was provided with the loans, required Sky to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Sky had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss C.

In other words, it wasn't enough for Sky to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss C.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Sky did what it needed to before agreeing to lend to Miss C.

Did Sky complete reasonable and proportionate checks to satisfy itself that Miss C would be able to repay the agreement in a sustainable way?

Sky has said that the information it has about the checks it completed are limited. But it provided the below commentary.

- Affordability checks were completed for each application.
- The affordability and credit score were in acceptable boundaries.
- The credit checks show there was evidence of a defaulted account from three years prior.
- There was evidence of other telecommunications accounts and eight active credit accounts – these were all showing as up to date.
- There was evidence of three credit searches in the month prior – which it felt was quite high – two of these were for telecommunications accounts.
- The applications were accepted but for lower device values – each loan had an upfront cost which reduces the monthly repayment.

Sky hasn't provided any information about what it asked Miss C about her circumstances before agreeing to provide the loans. This doesn't necessarily mean it didn't ask her anything, it just hasn't provided this Service with that information. Because of this, I'm unable to say that checks were proportionate here. So, I have gone onto to consider what proportionate checks would likely have shown.

What would further checks likely have shown?

There isn't anything prescriptive in the rules that states what a firm must do to check affordability. Given that the loans Sky provided Miss C with were on an interest free basis, for relatively low amounts, I would have expected Sky to have had an idea of the income Miss C was getting and for it to have completed a credit check for it to see how she was managing her other accounts.

I don't know what Sky did at the time to check Miss C's income. But I've looked at the statements Miss C provided to understand what Sky would likely have found out. I can see Miss C's average income across the three months' worth of statements she's provided was around £3,500 per month. So, I think it would have been reasonable for Sky to have concluded that Miss C would more likely than not have been able to afford the monthly repayments for the four loans – the total repayment for all four was around £110 a month.

I've also thought about what Sky would likely have found out about Miss C's outgoings – as I've explained, it didn't need to do this, but if I have considered what it likely would have found out even if it had done this. Miss C has been able to provide me with a copy of her bank statements leading up to and during Sky providing her with the loans. She's also

provided a copy of her credit report. I've reviewed these to see what the checks would likely have shown, and I'm persuaded that Sky's commentary about what it saw is likely accurate.

I say this because I can see from Miss C's June statement that she was making repayments to around 8 credit accounts, and other telecommunications accounts – her total repayments in June appear to be around £1,950. Her credit report suggests that these accounts were being managed well with no issues. Sky identified that Miss C had defaulted on an account in the past, it said that this was three years prior to her taking out the loan – from what I've seen this was actually two years prior, but either way, I think this was long enough in the past for Sky to reasonably have not had concerns about it. I also don't think it was indicative of how Miss C was managing her credit at the time; Sky's checks revealed that her current debt was being managed well with no recently recorded issues.

While Miss C's repayments do seem high, I'm still of the view that the repayments to the loan account of £110 a month, would likely have been sustainable with an average income of around £3,500.

I've also looked to see what Miss C's living expenses were. I can see repayments for council tax and energy, which were around £230 in total each month. I don't know if Miss C was also paying rent and if so, how much this was for. There are a number of transfers leaving and coming into the account, so it's difficult to know exactly what expenses and income Miss C had. But overall, based on what Sky would likely have found out from a credit check, or an income and expenditure, I think it more likely than not that it would have found the loans to be affordable.

I will add here that Miss C's statements do show her financial position worsens significantly by August 2021. I can see that she has opened up a number of new credit facilities. And I can see that she's struggling to manage the credit she has. I have thought about this in the context of what Sky ought reasonably to have known about Miss C's position. I don't think it likely that these new accounts would have shown up on a credit check by the time Sky should have done a final check for the last loan on 5 September 2021. I say this because it usually takes between 4-8 weeks for accounts to be updated on a credit report. So, while Miss C's position was clearly getting worse, I don't think this is something Sky ought reasonably to have known about at the time it carried out its checks.

I note Miss C says that some of the accounts have been removed from her credit file, so it's no longer showing an accurate representation of what it would have shown at the time. While this might be the case, I don't have any evidence to show this. And given that Sky's checks from the time appear to tally up with the information currently on Miss C's credit report, I think this is more likely to be accurate.

I can also see that Miss C has provided a copy of her credit report for each of the three main Credit Reference Agencies. I've examined all three of these. From what I can see, there is one report that does show a more concerning representation of Miss C's financial position. But from what I know, Sky don't use this particular Credit Reference Agency for its checks or reporting – it uses the other two. There isn't anything unreasonable about it only using one or two Credit Reference Agencies. But it does mean that it is unlikely that it would have been aware of how Miss C's position was deteriorating – that isn't a failing on the part of Sky.

Miss C also says it should have been clear to Sky that she wasn't a reliable payer because she had a TV account with it, and she had been late making repayments on the account – she says she received a final demand in March 2021 and another late payment in July 2021 (the same month she took out the first contract) and so it should have had cause for concern. I've thought about this point carefully. And having done so, it doesn't change my view on things. I don't doubt Miss C made late payments as she's said she did. But I don't

know if this entity of Sky would have had access to the information about how Miss C managed her other Sky accounts. I say this because they are likely separate legal entities. But even if I accept that it should have known, the final demand was four months prior to Miss C entering these contracts. And a late payment doesn't necessarily mean that a firm shouldn't lend. It might be a factor it takes into account, but for the reasons I've set out above, I don't think Sky ought reasonably to have had concerns over the affordability of the agreements.

Miss C says it should have been a 'red flag' for Sky when she took out so many loans for mobile phones. But I don't necessarily agree with this point. There could be a number of reasons why someone might buy or require four phones. I don't think it ought to have drawn anything negative from this.

So overall, while I can see that Miss C clearly got into financial difficulties, I don't think this is something Sky would likely have been aware of at the time it took the decision to provide her with each agreement. And therefore, I can't fairly conclude that its decision to lend to her on each occasion was unfair or unreasonable.

Finally, I've thought about whether considering this complaint more broadly as being about an unfair relationship under Section 140A of the Consumer Credit Act 1974 would lead to a different outcome. But even if it could (and should) reasonably be interpreted in that way I'm satisfied this wouldn't affect the outcome in this particular case.

### **My final decision**

For the reasons set out above, I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 November 2025.

Sophie Wilkinson  
**Ombudsman**