

The complaint

Mr S has complained about how Hutchison 3G UK Limited, trading as Three (Three) handled his request to amend his payment date and the impact this had on him, including the termination of his agreement.

What happened

In mid-September 2024, Mr S entered into a Fixed Sum Loan Agreement with Three for the supply of a new mobile phone. The amount of credit under the agreement was £1,212.00 and the agreement had a term of 23 months starting from the date of the first payment, with payments of £50.50 due each month.

At the end of September 2024, Mr S contacted Three and asked for his payment date to be changed to the 27th of each month and this was agreed. In early November 2024, Three attempted to collect the first payment of £50.50 from Mr S, but this failed. Three made several attempts to contact Mr S about the arrears via the phone, text message, email and letter and continued to do so as payments were missed and the arrears built.

Mr S says he wasn't aware of the arrears until he received a Termination Notice, sent by Three in February 2025 and so he contacted Three to raise a complaint.

In response, Three explained that the first payment was missed and set out the contact Three had with Mr S after this, which included options on how to pay and information about organisations that could provide debt management support. It said that during a call in March 2025, Mr S had asked to set up a payment arrangement and due to no payment plan being set up and a delay in the complaint being looked into, the account was passed to a debt collection agency for collection. It confirmed it made a mistake when it didn't change the payment date on the device plan, as requested by Mr S, however it said it wasn't at fault for terminating the agreement, due to the missed payments. It confirmed the debt would be recalled to Three, that a 30 day hold would be placed on the account, to enable Mr S to discuss a payment arrangement, apologised and confirmed a £50 payment had been made for the distress and inconvenience the complaint journey caused.

Mr S disagreed and so Three reconsidered his complaint and confirmed it reached the same outcome. It confirmed the direct debit had been reinstated and that Mr S needed to get in touch to make payment of the arrears, or contact the Payment Support Team if he needed support. It confirmed a further 30 day hold would be placed on the account to enable time for an arrangement to be made and that after this time, the collections process would restart if payment wasn't made or a payment arrangement wasn't set up. Unhappy with the outcome, Mr S referred his complaint to this service.

Our Investigator looked into the complaint. He said that whilst Three confirmed it made an error when it didn't update the payment due date, he felt Mr S was aware of the arrears, given that Three sent multiple reminders and had spoken to Mr S about the arrears on the phone, and as the arrears hadn't been rectified the account defaulted. He said he felt Three's offer was fair and noted it was required to report accurate information about the account and so he was unable to ask Three to remove it.

Mr S disagreed and said it was Three's mistake that caused the arrears and termination, noting that he wasn't able to answer calls whilst he was at work and that as he had updated his address when he moved, he said he shouldn't be blamed for not receiving reminders. He asked for the default to be removed and said the £50 compensation wasn't enough to reflect the financial and personal damage caused. Our Investigator gathered information from Mr S about when he moved and based on the date provided, explained to Mr S that he had moved after the account termination letter had been issued and as such he was satisfied that letters were sent to the correct address and that emails were sent to the correct email address.

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

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.

The Fixed Sum Loan Agreement, or device plan agreement, is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it.

It's not in dispute here that Mr S asked Three to change the date his payment was collected and that Three didn't action this. Three did attempt to collect payments from Mr S's account via direct debit, but these payments were unsuccessful, resulting in arrears building and Three taking the decision to terminate the agreement. What I need to decide, is whether Three acted fairly when it defaulted and terminated Mr S's agreement and whether its offer of compensation was fair.

Based on the information provided, I can see that following the first missed payment Three wrote to Mr S via letter and email. Within these communications, Three set out what the arrears were, offered support, asked Mr S to get in touch if he was having problems paying, provided details of two ways in which he could make payment and provided details of various organisations that he could reach out to for support. It also explained the consequences of the arrears not being paid which it said was a default and impact to his credit report.

Mr S says he didn't receive this communication. I'm satisfied that Three sent this information to the correct contact details that Mr S provided to it, this included the email address he provided to Three and home address, which he has confirmed was the correct address up until he moved in early April 2025 and I can see he notified Three of this change of address at that time. Whilst I can't be sure of whether Mr S received this communication, I'm satisfied that Three sent it to him and I can't hold it responsible for him not receiving it. And even if I were satisfied that Mr S didn't receive this contact, I'd still need to consider that he was bound by the terms within the agreement he signed, which included the requirement to make monthly payments until the balance was repaid in full.

In addition, Three's contact notes provided confirm that the device plan arrears were discussed with Mr S during a call in late December 2024, so I'm satisfied that Three did enough to inform Mr S about the arrears, the requirement for payment to be made and the consequences of not doing so. Whilst I appreciate that Mr S wasn't always available to speak on the phone, Three made it clear that payment could be made in other ways, including bank transfer and its website makes it clear that it is available on the phone and live chat late into the evenings and weekends, so I think alternative methods of contact were available.

Following this, Three attempted to make further contact with Mr S via email, text message and calls, to no avail. In one call, in early January 2025, Mr S said he would call back but it doesn't appear this happened. As the arrears continued to grow, and having not received any payments under this agreement, Three sent Mr S a Default Notice.

The Default Notice set out that '*You have not made the monthly repayments as required under the device plan agreement.*' It went on to say the arrears of £151.50 needed to be paid by 27 February 2025, giving both bank details and information about how to pay on the phone. It explained that if payment was not made, the full balance of £1,212.00 would become due, the device plan agreement would be terminated, a debt collection agency would be in touch to recover the full balance and the default would be reported to the credit reference agencies and remain on his credit file for six years. It also provided details of various organisations that could provide support. As a result of payment not being received, a Termination Notice was sent on 27 February 2025.

The relevant guidance, set by the Information Commissioner's Office (ICO), sets out that a default may be registered, when a consumer is at least three months in arrears. When Three sent the Default Notice, the agreement was three months in arrears and as such I can't say that Three acted unfairly. As the payment required to satisfy the Default Notice was not paid by the deadline, I don't find that Three treated Mr S unfairly when it defaulted and terminated the agreement.

Mr S said he received the Termination Notice, which I note was sent to the same address the previous letters were sent to, and upon receipt of this he called Three to set up a payment plan. I have seen a record of this call, but it appears the call cut off before an arrangement was agreed and regardless, by this point it was too late to reinstate the agreement.

I also don't think that Three treated Mr S unfairly by passing the account to a debt collection agency without seeking Mr S's consent, given it explained it may do so in the credit agreement and arrears communication, and because a payment arrangement had not been agreed. It follows that I'm not persuaded that Three treated Mr S unfairly when it instructed a debt collection agency.

Three has an obligation to report accurate information about Mr S's account status and payment history to the credit reference agencies, meaning it was required to report the missed payments and that the account had defaulted. I've not seen persuasive evidence that Three reported any inaccurate information. Whilst I appreciate the impact this will have on Mr S now and in the future, I'm unable to say that Three treated him unfairly or ask it to remove any information that it accurately reported.

I appreciate that the issue has caused Mr S a lot of distress and I'm sorry to hear about the impact it's had on him. Whilst I agree that Three made a mistake, I can't fairly hold it responsible for all of the missed payments that happened after, given what I've said above about the contact it made with Mr S to make him aware of the issue and that ultimately Mr S had an obligation to make the payments. I can understand why Mr S wanted Three to change its opinion, but overall I think Three dealt with the matter quickly when Mr S raised his concerns and reconsidered its position when Mr S objected. I don't find it needed to do more.

Whilst Three did make a mistake and I understand this will come as a disappointment to Mr S, I think it did enough to try to remedy the issue, when it made Mr S aware of the arrears and paid him £50 compensation for its errors. So I'm satisfied that Three did enough to put things right. Mr S had an obligation to maintain payments, in line with the agreement he signed, and as payments were not made to clear the arrears, I can't fairly say that Three

acted unfairly by defaulting and then terminating the agreement, reporting the information to the credit reference agencies, or instructing a debt collector. Three has now brought the debt back in house and has placed holds on the account to give Mr S time to rectify the arrears, which I consider to be fair. Overall, I can't fairly ask Three to do anything more.

My final decision

My final decision is that Three's offer was fair and so I will not be asking it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 February 2026.

Daniella Roberts
Ombudsman