

## **The complaint**

Mr E complains about the repayment of a fixed sum loan agreement he has with EE Limited.

## **What happened**

In August 2024, Mr E took out a fixed sum loan agreement with EE to buy a brand new mobile telephone handset. The cash price of the handset was around £1,300 and under the agreement, Mr E was scheduled to make monthly repayments of about £53 over a two year period.

Around two months after getting the handset, Mr E says he noticed a fault with it. He says the screen had a blank line across its middle, at the point where the handset folded in half. So, Mr E sent the device back to EE for them to repair.

However, once EE had inspected the handset, they noticed some scratches on the screen, separate from the area where Mr E says the fault was. EE explained to Mr E that the damage they had seen meant the handset could not be repaired under the manufacturer's warranty.

Consequently, EE sent the handset back to Mr E, along with some images they had taken of the damage and a quote for the repair. And after some further correspondence with Mr E, they told him that the damage he had complained of, was caused by excessive pressure on the handset.

Mr E looked at the images provided by EE, but said at least one of them wasn't of his handset. Mr E also said the images showed more damage to the device, than when he sent it for repair. So, Mr E complained to EE and said they had inspected the wrong device and had caused additional damage to his handset. To put things right, Mr E asked EE to provide a repair without further cost.

In their final response to Mr E's complaint, EE reiterated their view that the damage to the handset meant they could not repair it under warranty. They said they didn't cause the additional damage as Mr E had suggested and it was caused while his possession. Mr E didn't accept EE's response and brought his complaint to this service.

One of investigators looked into Mr E's complaint and found that EE had treated Mr E unfairly. She said that as the handset was reasonably new, it was up to EE to prove it was of satisfactory quality. The investigator found that although EE's inspection had found a fault, it didn't say if the fault was or wasn't developing at the point of sale. So, the investigator asked EE to inspect the device again.

Mr E agreed with the investigator's opinion, but EE didn't. They said the report showed that the screen had deep scratches, which caused it to fail. And that Mr E had caused that damage himself.

The investigator wasn't convinced by EE's comments and didn't change her conclusions. So, Mr E's complaint has now been passed to me to make a decision.

I sent Mr E and EE my provisional decision on this case, on 12 September 2025. I explained why I think the complaint should be upheld. A copy of my provisional findings is included below:

*This case is about a fixed sum loan agreement which Mr E took out with EE. These types of loans are regulated financial products, so we are able to consider complaints about them.*

#### *The quality of the handset*

*The Consumer Rights Act 2015 (CRA) is relevant to this complaint. The CRA implies terms into the contract that goods supplied will be of satisfactory quality. By satisfactory quality, the CRA says this is what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances.*

*The CRA also sets out what remedies are available to consumers if statutory rights under a goods or services contract are not met. The CRA says that goods must conform to the contract within the first six months. So, if the goods are found to be faulty within that period, it's assumed that the fault was present when the goods were supplied, unless there's compelling evidence to suggest otherwise. Outside of those six months, it's for Mr E to show that the goods were not of satisfactory quality.*

*Mr E was provided with a brand new handset, costing nearly £1,300. So, I think it was reasonable for him to expect it to be free from faults for a considerable period of time.*

*However, about two months after getting the handset, Mr E says there was a fault with screen and a black line across the display appeared. He says the black line was consistent with the middle of the handset, where it folded in half. And this impacted the display on the screen to the extent that it eventually stopped working.*

*After inspecting the device, EE's engineer confirmed Mr E's suspicion that there was a fault with the display. So, I'm persuaded there was a problem with the handset and a repair was needed. Given what the CRA says about goods conforming to a contract within the first six months, I think the onus was on EE to prove that the fault with Mr E's handset, wasn't present or developing at the point of supply.*

#### *The cause of the fault*

*EE have sent us a copy of the report carried out by their engineer. Despite confirming the fault with the device, the report doesn't suggest the cause of the fault, or that it was due to damage that happened while the device was with Mr E. The report only concludes that the damage is outside of the manufacturer's warranty.*

*To accompany the report, EE's engineer took several images, which are labelled with an International Mobile Equipment Identity (IMEI) number, associated with Mr E's mobile telephone device. Having looked at those images, I can see some scratches on the screen in the areas Mr E has spoken about. The images of the other parts of the device don't show any signs of damage and class the handset as being in a fair condition.*

*On the other hand, Mr E has told us that he bought a case and screen protector for the handset. But, there are one or two minor scratches on the screen, that he probably caused himself. Mr E has also sent us a copy of the images forwarded to him by EE's engineer. Within Mr E's submission, there are two extra images to what we received from EE. Again, all the photographs are labelled with the IMEI number associated with Mr E's device. But, I can see that these two images are for a different handset, from a different manufacturer completely.*

*In light of the evidence, I'm not persuaded that Mr E has attempted to add or doctor the images, which were part of EE's report on the condition of the handset. On balance, I think the engineer has made a mistake in sending them to Mr E. That said, I need to keep in mind that the type of mistake the engineer looks to have made, has an impact on the credibility and consistency of EE's comments about the device.*

*During our investigation, EE have made further comments about Mr E's handset. They say the black line in the centre of the screen was likely caused by excessive pressure, rather than an inherent fault. EE also say scratches on the device show how it was poorly treated and that debris within those scratches, means they are able to say the damage was done while it was in Mr E's possession.*

*While I note what EE have told us, I cannot see that any of their further comments are contained in the engineer's report, or from another a subsequent review of the handset.*

*Having considered everything, I'm not persuaded that EE have provided compelling evidence to demonstrate that the fault with the device wasn't present or developing when it was supplied. I say this because their own expert engineer hasn't given the reason why the screen failed and there are doubts about the credibility of the report.*

*Furthermore, I think the evidence Mr E has provided is persuasive, in that the scratches he says he caused are minor in appearance, and in a different area to where the main fault materialised. I'm also mindful of the protective measures Mr E took with the device and that the areas other than the screen, appear to be in a fair condition.*

*In all the circumstances, I think there was a fault with Mr E's handset that was present, or developing at the point of sale. So, I think the handset supplied to Mr E is not what a reasonable person would say is of satisfactory quality. Because of this, I think EE have breached their contract with Mr E and under the CRA, it means he is due a remedy. So, I've gone on to think about a fair settlement to Mr E's complaint.*

### *Summary*

*I've found that EE have breached the contract they had with Mr E. It then follows that Mr E is due a remedy from EE. Having considered all that has happened, I think EE have already had an opportunity to review the handset and provide a repair or replacement, but haven't done so. And I think there's been an unreasonable amount of time, since EE had that opportunity.*

*So, I think the remedy now open to Mr E is to hand the goods back and be given a refund. With that in mind, I think it's fair for EE to allow Mr E to return the handset and exit the fixed sum loan agreement at no additional cost.*

*I also think it's fair for EE to refund all the repayments Mr E has made towards the agreement since 21 October 2024. I say this because Mr E hasn't been able to make use of the handset, since he handed to EE for inspection. So, I don't think it would be fair to ask him to pay for a device he couldn't use.*

*But, there was a short space of time where Mr E could use the device. I can see he did have use of handset from August 2024, until he noticed the fault with the screen on 21 October 2024. So, I think it's fair that Mr E pays for the usage he had from the device in that period.*

*Mr E hasn't had the use of the funds he has paid to EE since 21 October 2024. 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 Mr E's credit file for any missed payments. But, I'm aware Mr E 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.*

Both Mr E and EE responded to the provisional decision and accepted it.

### **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.

Neither Mr E nor EE have raised any further points for me to consider. And both parties have said they accept my initial findings.

So, I see no reason to depart from the conclusions I reached in my provisional decision.

### **Putting things right**

For these reasons, EE Limited should:

1. Allow Mr E to return the handset, exit the fixed sum loan agreement and cancel it, at no additional cost to him;
2. Remove any adverse information about Mr E's fixed sum loan, from the details held with credit reference agencies;
3. Refund all the repayments to Mr E that he has made under the fixed sum loan agreement, from 21 October 2024 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 Mr E 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 Mr E, they should provide Mr E with a tax deduction certificate if he asks for one, so he can reclaim the tax from the tax authorities if appropriate.

### **My final decision**

My final decision is that I uphold this 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 Mr E to accept or reject my decision before 16 October 2025.

Sam Wedderburn  
**Ombudsman**