

The complaint

Mr K has complained about the way he's been treated by Telefonica UK Limited trading as O2.

What happened

The circumstances of the complaint are well known to the parties, so I'm not going to go over everything again in detail. But to summarise Mr K said in February 2024 two fixed sum loan agreements were entered into fraudulently using his details with Telefonica. He said Telefonica were notified straight-away and agreed, but it only partially resolved the issue by addressing one of the fraudulent orders – the second one wasn't properly resolved. He said in June 2024 he tried to raise additional capital from his mortgage, but banks refused to lend. He tried again in December 2024, and the same thing happened. He said this was due to the adverse information incorrectly recorded by Telefonica. He also said he'd spent a long time trying to resolve the situation.

Telefonica acknowledged the two orders were raised as fraud. It said it tried to resolve the situation around May 2024 but made a mistake by failing to approve the credit on one of the loans until December 2024. It said by December 2024 the situation should have been resolved, so to say sorry it offered £150.

Mr K had referred his complaint to the Financial Ombudsman by this point. Our investigator thought the compensation should be increased to £300. Telefonica agreed, but Mr K didn't. He said £300 compensation doesn't justify the losses in terms of missed opportunities and the delays and frustration with his attempts to remortgage. He wanted Telefonica to reconsider its position.

As things weren't resolved, 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.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. It's important to note I'm required to decide the complaint quickly and with minimum formality. I want to assure Mr K and Telefonica that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

The devices were bought using a fixed sum loan agreement from Telefonica. These are regulated consumer credit agreements, and our service is able to consider complaints relating to these sorts of agreements. I understand Mr K was already a customer of Telefonica. While he may not have been a customer in relation to the fraudulent agreements that were taken out, from looking at the contact notes I think Telefonica either sent welcome

letters or had indicated in some way it sought payment from him (albeit incorrectly) under those agreements and so he'd be an eligible complainant.

It's not in dispute mistakes were made and that Telefonica didn't carry out everything it needed to do when it established the agreements were taken out fraudulently. What I need to decide is whether Telefonica need to do more.

Mr K has shown us details of the calls and tickets he raised with O2. The initial contact was in February 2024, and he's given us details of two more contacts in April, and three more in December 2024. I can also see from Telefonica's contact notes that there were other interactions throughout 2024 as well.

Mr K has also shown us correspondence he had with mortgage brokers around July and August 2024 as well as further contact in December 2024. I'm sorry to hear he wasn't able to proceed with raising additional capital. Mr K said it meant he lost a good opportunity.

The sorts of things I need to consider when it comes to compensation or consequential losses as a result of a business' mistake is whether the losses were reasonably foreseeable and directly flowing from the mistake. I also need to consider what sort of evidence we've been supplied and whether the complainant has taken steps to mitigate.

What I need to bear in mind is that mortgage applications are complex processes. Many checks and steps have to be taken. Having looked at the information Mr K presented to Telefonica, I'd like to have been much more certain Mr K's situation would've been different had it not been for the incorrect information from Telefonica. I think Telefonica would've also wanted to see more to show Mr K had done everything he could to minimise the impact of the mistake.

Overall, while I don't doubt Mr K would've been upset and inconvenienced about what happened I can't safely conclude Mr K missed the opportunity to raise further capital solely as a result of Telefonica's mistake, or that further steps couldn't have been taken to mitigate.

However, I've thought about the impact overall on Mr K based on the evidence I've seen. As I've said above, it's not in dispute he had to speak to Telefonica several times. And the situation took longer to resolve than it should have done. But while I acknowledge the adverse information was on the credit file for much longer than it should have been, it's not clear Mr K was impacted on a day-to-day basis for that whole time taking into account the evidence I've seen. It seems like a situation where Mr K spent a lot of time dealing with the problem during sporadic periods over those months. But that's not to say I don't understand it must've been very frustrating for him.

The compensation our investigator recommended is broadly in line with what's usually recommended where the impact of the mistake has caused distress and inconvenience where it takes a lot of effort to resolve. I think that's what happened here so, bearing in mind I need to resolve the complaint quickly and with minimum formality, I agree with the investigator's recommendation. Mr K doesn't have to accept the decision. He's free to pursue the complaint by other more formal means, such as through the courts, if he thinks he'd achieve a more generous outcome.

My final decision

My final decision is that I uphold this complaint and, to the extent not done so already, direct Telefonica UK Limited trading as O2 to pay Mr K £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 October 2025.

Simon Wingfield

Ombudsman