

The complaint

Mrs M complains about the handling of a device that became faulty. This device was financed through a fixed sum loan agreement with Telefonica UK Limited trading as O2.

What happened

In January 2022, Mrs M took out a fixed sum loan agreement with O2 for a laptop. The total amount of credit was £1,320, to be repaid in 48 monthly instalments of around £27.

Mrs M says she chose this particular laptop as her family member was studying for an educational course and the laptop had the right software and specifications needed for the course. In September 2024, Mrs M told O2 her family member had dropped the laptop and cracked the screen, so she asked O2 for help. Mrs M says she was told although she didn't have any insurance cover or warranty in place, she could take the laptop to an O2 store and send it off to be repaired.

Mrs M says she had to chase O2 for two weeks after this and O2 told her they couldn't repair the laptop and that they'd replace it instead. Mrs M says when the replacement arrived, it was a downgrade from her previous one, without the software her family needed on it for their education and it has minimal storage.

After spending two hours on the phone with O2, Mrs M says she was told the repairs department no longer had her faulty laptop and that they no longer had the laptop model which she bought in 2022. Mrs M says O2 offered to cancel the remainder of the contract and offered her £300 compensation. However, Mrs M says she didn't accept this because it wouldn't have covered what she'd already paid for the laptop which was around £930 so far.

Mrs M says she was also told by O2 that they'd never received the laptop at their repair centre and she feels O2 have tried to cover this up.

Mrs M says following O2's advice, she's been caused a lot of hassle and inconvenience and that her family member has fallen behind on their studies due to not having the right laptop. Mrs M has asked that O2 waive the remainder of her contract and provide her with the same laptop she bought in 2022 or the newer model of laptop that was released in 2024 so her family member can continue with their education.

O2 reviewed Mrs M's concerns and apologised to Mrs M for the service she had received in trying to resolve this matter. O2 say they offered to remove Mrs M's agreement and to pay her £300 compensation, but Mrs M declined this. O2 said as a result, they hadn't been able to reach an agreed resolution. In relation to supplying Mrs M with the same laptop from 2022, O2 said they couldn't do this as they said it was no longer in stock.

Our Investigator said Mrs M entered into a separate contract for the repair of the laptop and as there was a separate charge for this, it wasn't linked to the regulated activity which is the fixed sum loan agreement. So, our Investigator considered this matter to be a retail one and said we didn't have jurisdiction to investigate whether the replacement laptop Mrs M received was a like for like model.

Mrs M disagreed. She said she decided that not enough had been done to challenge O2 and wanted her complaint looked into further. Mrs M said O2 disposed of her previous laptop without checking with her first and decided to send her a replacement laptop which wasn't like her previous one. Mrs M said she paid around £930 towards her laptop and she doesn't believe the replacement laptop holds that value.

I had an initial review of Mrs M's case and sent both parties an email with my initial thoughts. O2 agreed with the recommendation I set out to put things right for Mrs M. But Mrs M didn't respond to my email. So, I'll go on to set out my findings and recommendations below.

I issued a provisional decision on the matter, setting out the below:

I understand our Investigator said we can't look at Mrs M's complaint, due to how the replacement laptop came about – a repair was arranged for separately to the fixed sum loan which resulted in O2 not repairing Mrs M's laptop but sending a replacement one. But what I'm looking at here is whether O2 are acting fairly holding Mrs M responsible for the fixed sum loan agreement which she took out for her laptop in 2022. And I don't think they are. I'll explain why.

Mrs M entered into this fixed sum loan agreement and chose a laptop which was to be used for her family member and her educational course – so it had a specific use. When she sent the laptop in to be repaired, it seems from the evidence available to me that O2's repair centre couldn't fix the cracked screen, but it's not clear to me why this couldn't be fixed. At this point, I think O2 ought to have given Mrs M the opportunity to take her laptop back so she could decide what to do with it next, for example, take it somewhere else to be replaced. O2 sent our service an email on 5 January 2025 agreeing on this point as they said – they thought the faulty laptop should have been sent back to Mrs M instead of a free replacement being issued. However, not being given back the laptop took away any opportunity for Mrs M to decide to do something else with it.

I appreciate a replacement laptop was sent back to Mrs M and that she agreed for this to happen. However, I haven't seen any evidence to persuade me Mrs M knew what the replacement laptop was before agreeing to it. Upon receiving the replacement laptop, Mrs M realised this wasn't a like for like replacement and it didn't meet her family member's needs for her educational course. Having done some research of the two laptops, Mrs M's previous laptop was a convertible 2-in-1 that folded fully into tablet mode and included a pen allowing her to use the laptop like a sketchpad and it also had a touch screen – all of which was beneficial for Mrs M's family member's educational course. But the laptop Mrs M received was a conventional laptop, with a non-touch, non-360-degree and a non-touch enabled screen. It appears that while they may share the same memory space and storage specifications, they're purpose built for different users. So having thought about this carefully, I'm not persuaded Mrs M was given a like for like replacement of the laptop she entered into an agreement for in 2022 – the replacement laptop seems to be a lower specification.

Mrs M has been paying a monthly repayment amount for a device she doesn't have and for one that isn't like for like. Mrs M says the replacement laptop hasn't been used because it doesn't serve its purpose for her family member and I'm persuaded by what she has said. With that said, I think it's fair Mrs M receives a refund of the monthly repayments under the agreement she made from the point she sent the old laptop back to O2 at the end of September 2024 to present day. I don't currently think it's fair Mrs M receives a refund of all the repayments she made for the laptop under this agreement, as she had use of it for around two years before it was sent in for repairs.

Mrs M has explained that this matter has caused her stress and inconvenience over a period

of time. After sending her laptop to O2 for repair, Mrs M heard nothing for two weeks and the evidence shows Mrs M spent time chasing O2 for an update. When she did raise concerns, she then had to spend a further two hours on the phone, only to be told her old laptop couldn't be returned as it was no longer available.

To add to this, Mrs M says she saw information in an O2 store which suggested her laptop had never reached the repair centre. Understandably, this left Mrs M questioning the accuracy of information she'd been given previously by O2 about the laptop and believed it had been lost as this is what she was told at one point by O2's repair team. Being given conflicting information about what happened to the laptop would have created further frustration for Mrs M, especially when trying to resolve something as important to her as the laptop.

Mrs M also told us her family member has fallen behind in her studies because she hasn't had access to a suitable laptop. While I can't make an award for the impact on Mrs M's family member directly, I do recognise this would have caused Mrs M additional stress as a parent. On top of this, Mrs M now faces further inconvenience of sourcing a suitable replacement laptop herself – something that could have been avoided had O2 returned her original laptop and allowed Mrs M the opportunity to go and repair it herself.

Taking all this into account, I am satisfied this goes beyond the level of frustration or inconvenience that might be expected in everyday life. This disruption lasted several weeks, which required Mrs M to spend considerable time and effort chasing O2 and caused her worry. For these reasons, I think O2 should pay Mrs M £250 compensation.

Putting things right

In summary, to resolve this complaint and to allow Mrs M to start again with finding a suitable laptop that meets her needs, I currently think O2 should:

- *End the 2022 fixed sum loan agreement with nothing further for Mrs M to repay,*
- *Refund Mrs M the repayments she made towards this agreement from the point she sent her laptop in to be repaired at the end of September 2024, given she was no longer in possession of it,*
- *Pay Mrs M 8% simple interest on the above refunds from the date of each payment to the date of settlement*,*
- *Arrange for Mrs M to return the replacement laptop at no cost to her seeing as it doesn't serve its purpose,*
- *Pay Mrs M £250 compensation for the distress and inconvenience caused to her.*

As I explained earlier in my decision, O2 have already agreed to my recommendation to put things right on the basis they get the replacement laptop back first from Mrs M. Once received, O2 said they'll carry out paying the compensation and refunds to Mrs M. O2 asked for Mrs M's bank details and said if Mrs M agreed to my recommendation, they'd then send her packaging to return the replacement laptop.

**If Telefonica UK Limited trading as O2 consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs M how much they've taken off. They should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

Responses to my provisional decision

O2 responded to my provisional decision and said they didn't have anything further to add.

Mrs M replied and said she wasn't sure what my provisional decision was trying to achieve, as there weren't many beneficial outcomes for her. Mrs M went on to say my decision asked her to return the replacement laptop but didn't include any financial compensation – Mrs M says she has paid nearly £1,000 towards the agreement for the original laptop, so being asked to return the replacement laptop without receiving anything didn't seem fair as she said she wasn't getting anything out of doing this. Mrs M said she would like compensation for the loss of time and trouble this issue has caused her.

Mrs M also said she had to contact O2 several times about this issue and that she's spent a lot of time and energy trying to resolve the matter. Mrs M reiterated the replacement laptop wasn't like for like and that O2 tried to charge her for the line rental of the laptop even though she had no SIM card for 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.

I acknowledge the replacement laptop Mrs M was given wasn't like for like and that Mrs M was caused inconvenience when dealing with this issue. This was why I recommended O2 pay Mrs M £250 compensation. So, I'm not too sure what Mrs M means when she says she'd like compensation for the trouble and inconvenience this issue has caused her – because I've recommended O2 pay her compensation and my opinion on this remains the same.

I note what Mrs M has said she has paid towards the agreement for the original laptop and I also recognise Mrs M didn't have the laptop after she gave it to O2 for repairs. This was why I suggested O2 refund Mrs M the monthly repayments she paid towards the agreement for the original laptop from the point she gave it to them to be repaired at the end of September 2024. I still think this is fair given Mrs M wasn't in possession of the laptop and instead, she had a replacement laptop which wasn't like for like and wasn't being used. I appreciate Mrs M made repayments towards the original laptop before it was returned, but as far as I'm aware, the laptop was being used without any issues. So, I won't be asking O2 to refund the repayments made under the agreement for the original laptop before it was given to O2 to be repaired.

Mrs M has also said O2 tried to charge her for the line rental when she didn't have a SIM card for the laptop. But this isn't a regulated activity that I can look at. The regulated activity here is the fixed sum loan agreement for the laptop. Therefore, I won't be able to comment on this point.

Putting things right

To resolve this complaint, I require O2 to:

- End the 2022 fixed sum loan agreement with nothing further for Mrs M to repay,
- Refund Mrs M the repayments she made towards this agreement from the point she sent her laptop in to be repaired at the end of September 2024, given she was no longer in possession of it,
- Pay Mrs M 8% simple interest on the above refunds from the date of each payment to the date of settlement*,
- Arrange for Mrs M to return the replacement laptop at no cost to her seeing as it doesn't serve its purpose,

- Pay Mrs M £250 compensation for the distress and inconvenience caused to her.

As I explained in my provisional decision, O2 already agreed to my recommendation to put things right on the basis they get the replacement laptop back first from Mrs M. Once received, O2 said they'll carry out paying the compensation and refunds to Mrs M. O2 asked for Mrs M's bank details and said if Mrs M agreed to my recommendation, they'd then send her packaging to return the replacement laptop. If Mrs M accepts this decision, she should send her bank details in her response so we can send these on to O2.

**If Telefonica UK Limited trading as O2 consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs M how much they've taken off. They should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For reasons explained above, I uphold this complaint and I require Telefonica UK Limited trading as O2 to carry out the actions under the 'putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 22 October 2025.

Leanne McEvoy
Ombudsman