

## **The complaint**

Mrs E has complained about the way Vodafone Limited handled things when she bought a new phone using a fixed sum loan agreement with it.

## **What happened**

The circumstances are well known to the parties so I won't go over everything again in detail. But, to summarise, Mrs E said Vodafone contacted her with a deal for a new phone. She was already a Vodafone customer. She said she completed the upgrade in the app and paid for the new device using a fixed sum loan agreement. The device cost £786 and she was due to repay the credit agreement with monthly repayments of £21 for three years and £30 upfront. She also used Vodafone's trade in tool to trade in her old device. Mrs E said she was given two options for the trade in credit – to put the credit towards her new airtime plan or receive a bank transfer. She chose to put the credit towards the airtime plan.

Mrs E said she returned her old device but was surprised to see the loan agreement for it wasn't cancelled. She said she complained to Vodafone that she was required to pay for two devices through credit agreements. She said she wanted to cancel the deal but was outside of the 14-day cooling off period. She said she was unhappy Vodafone didn't tell her she'd need to continue paying the credit agreement for the old device. She said she'd not had to do that before.

Vodafone responded to the complaint to say it offered Mrs E a trade in amount of £178 with a £100 bonus. It said Mrs E opted to have the trade in value applied as a monthly discount of £11.58 towards her airtime plan for 24 months. It said the remaining amount on her previous credit agreement at the point of upgrade was £286. It reiterated Mrs E was given several options and didn't uphold the complaint. Mrs E referred it to the Financial Ombudsman.

One of our investigators looked into things but didn't make any recommendations. Mrs E said Vodafone missed several opportunities to alert her to the fact that she'd be required to make two loan repayments. She said she should've been presented an option to use the trade in funds to pay off her old device's credit agreement. She said she should have been better informed, or it should have been made clearer. 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. I'm required to decide the complaint quickly and with minimum formality. I want to assure Mrs E and Vodafone 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.

Mrs E bought her phone using a fixed sum loan agreement from Vodafone. These are regulated consumer credit agreements. And our service is able to consider complaints relating to these sorts of agreements.

I'm sorry to hear Mrs E is unhappy about what's happened. I can understand why she complained if she thought Vodafone didn't adequately inform her about the financial arrangements when she entered into a credit agreement. The problem I have is that I've not seen enough to determine Vodafone misled her about cancelling or settling her old agreement. There are a few key aspects I've thought about when reaching my conclusion:

- I understand the sum offered for the trade in (£278) would not have been sufficient to clear the outstanding balance on Mrs E's old credit agreement. Vodafone said she still owed £286. Vodafone couldn't have used the sum to fully clear the loan.
- Mrs E was given the option of receiving the £278 into her bank. She could have used this sum to put towards the loan. It's not in dispute she chose a different option.
- Vodafone has said Mrs E receives a £11.58 monthly bill credit. I think Vodafone therefore actioned Mrs E's request as expected. The contract is for two years, so Mrs E will be receiving the trade in value over the course of the agreement.
- I've not seen Vodafone misled Mrs E that it would pay off her old credit agreement and this wasn't an option she was given, nor could it have been given seeing as though the trade in sum wouldn't have cleared the loan. I also need to bear in mind that the old credit agreement is a distinct separate agreement, the terms of which Mrs E would have agreed to previously.
- I can't say Vodafone acted unfairly by not allowing Mrs E to unwind everything when she complained if that wasn't an option available in the contract, or under statute at that time.

Overall, while I do sympathise with the situation, I don't think Mrs E lost out financially. And I've not seen enough to find Vodafone misled her, or that it was required to tell her the old credit agreement would still be active or that it wouldn't be settled or cancelled. So I don't have the grounds to uphold the complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 4 November 2025.

Simon Wingfield

**Ombudsman**