

## The complaint

Mr M has complained about the way EE Limited dealt with him in relation to a fixed sum loan agreement he'd taken out with it to pay for a device.

## 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, in October 2023 Mr M entered into a three-year fixed sum loan agreement with EE to pay for a device that cost around £1,400. Mr M was due to make repayments of around £40.

In September 2024 Mr M contacted EE to enquire about closing his credit agreement and associated airtime account. He wanted to move providers in order to save money on a better deal. EE told him his early termination fee would be £402.30. Mr M confirmed that with it and decided to proceed with the termination and requested a PAC code. Mr M said he paid the settlement and was surprised EE went on to attempt to take a direct debit of around £970. He complained.

EE said it reviewed the chat transcript and acknowledged its agent gave incorrect information about the termination fee by not telling Mr M that he also owed £970 towards the credit agreement. However, EE said it provided Mr M the correct information when it advised him of the PAC code. It offered him £50 to say sorry. Mr M wasn't happy with this and referred his complaint to the Financial Ombudsman. I understand adverse information was recorded about the debt as it wasn't paid and it was passed to a debt recovery company.

One of our investigators thought Mr M fairly relied on EE's information before deciding to change providers. He didn't think EE's answer was fair in relation to what went wrong. He recommended:

- EE put Mr M on a payment plan for the remaining balance of the credit agreement and the debt is recalled from the debt recovery company.
- Adverse information is removed from Mr M's credit file.
- EE pay Mr M a further £200 compensation.

EE didn't agree. It thought the compensation was too high given Mr M ultimately received the correct information. It also said the loan agreement doesn't offer a payment plan. And as Mr M decided to stop paying towards the loan the credit entries and debt recovery company involvement were fair. It also said Mr M ought to have known the information was incorrect.

Mr M also highlighted he took the information provided in good faith and that he thought £200 compensation didn't fairly consider the sum he'd still have to pay when his finances were already stretched, which is why he sought to move providers in the first place.

I issued a provisional decision that said:

*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 resolve*

*complaints quickly and with minimum formality. I want to assure Mr M and EE 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.*

*Mr M bought the phone using a regulated fixed sum loan agreement, and our service is able to deal with complaints relating to these sorts of agreements.*

*On the one hand, it's not in dispute EE gave Mr M wrong information several times about the total termination fee he was required to pay. And I don't think Mr M would have likely left EE had he been given the correct information. Particularly given his reason for leaving was to find a better deal elsewhere. I think he likely genuinely did simply miss the correct information that was provided in the PAC code message. I also need to bear in mind that credit file reporting needs to be fair as well as accurate.*

*On the other hand, there's an argument that Mr M ought to have known the termination fee was incorrect given how much he originally borrowed and that he'd only had the three-year credit agreement for around a year. EE did send Mr M the correct information prior to him deciding to leave EE. And the recording of adverse information would be accurate if Mr M stopped making his repayments. Moreover, I think it's only fair Mr M pays for the device he agreed to.*

*I think the fairest thing to do is to try, as best as possible, to establish what would've happened had the mistake not occurred. And to try to put Mr M in as fair a position as possible taking that into account.*

*The problem in this case is that things have now moved on. Mr M is with a new provider. We can't simply turn back the clock and reinstate everything.*

*Had things gone as they should have done, I think Mr M would likely simply have stayed with EE. So he wouldn't have paid the early termination fee, and he would have continued to repay his credit agreement.*

*As it turns out, Mr M has been left in a position where he's paid a £400 airtime early termination fee; he's paid for his new airtime; and he still owes over £900 for the credit agreement. While I appreciate there's an argument Mr M should have noticed the correct information on the PAC code, I don't think he did notice that, and I find the overall situation he's now in seems unfair.*

*Given I don't think Mr M would have paid the airtime early termination figure had he not been misadvised, I think the fairest thing would be to use that sum to put towards the credit agreement. Coincidentally, it's not too far off the sum he would have paid towards the credit agreement over the last few months had he continued paying. So while I know EE thought £200 compensation was unreasonable, I'm not intending to direct it to pay compensation. I'm essentially saying it should use money Mr M has already paid it (that I think was done as a result of an error) and to use that sum to offset what he would have continued to pay it had it not been for the error. I think this puts Mr M in broadly a fair position:*

- 1) He'd only be paying one set of airtime for the relevant period (with the new provider).*
- 2) The lump sum he paid to terminate the airtime as a result of a mistake broadly offsets the sum he should have been paying towards the loan.*
- 3) There's not a practical way to unwind things and let him carry on as before given he's with a new airtime provider.*

*I also think it's fair that adverse information is removed from the credit file. On balance I think it's likely Mr M would have simply continued to pay had it not been for EE's mistake. And as I said above, reporting needs to be fair as well as accurate. Mr M should be allowed to continue with the contractual monthly payments with the credit agreement reinstated. If he misses payments going forward EE could report those accordingly. But I think this outcome puts him in a fair position. EE can decide if it needs to bring the debt back from the debt collection agency or if it's easier for all parties for it to stay where it currently is.*

*Overall, when looking at things holistically, EE made a mistake, but I need to balance that out by agreeing Mr M also missed an opportunity to have noticed that mistake.*

*I think the fairest outcome from here is to say EE should:*

- *Pay Mr M £50 compensation to the extent not done so already.*
- *Use the early termination fee sum that was paid by Mr M and reduce the credit agreement by the same. (I believe this was £402.30.)*
- *Remove adverse information from Mr M's credit file.*
- *Allow Mr M to continue paying the credit agreement with the contractual monthly repayments.*

*I think as far as is reasonably possible this puts Mr M in the broad position he would've have been had the mistake not been made.*

Mr M responded to say he agreed with parts of what had been said. He said he would never have left EE had it told him the correct amount due. He said he must have missed the message EE referred to. He said he's found a cheaper plan elsewhere but can't go back to paying £40 per month on top for the old device. He said he genuinely thought the £400 was the remaining amount and thought there was some sort of interest removed. He said he didn't think to question what he was told by EE. He thinks EE should cancel the debt.

I can't see we received a response from EE.

### **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'd like to thank Mr M for his response. While I take on board what he's said I'm not minded to change the conclusions I reached in my provisional decision. I think the directions I set out puts him in as far as reasonably possible the position he'd have been in had the mistake not been made. Had he not been misled I think it's likely he would have stayed with EE. Where he's ended up now is that he's essentially still due to repay the credit agreement (as he would have continued to do) and he's only paying one airtime sum (as he would have continued to do). He should be in a slightly better position given he said he found a better airtime deal elsewhere. I don't think it would be fair to write off a debt for the sum Mr M borrowed to buy the device. I think that would be unjust enrichment.

Going forwards I think Mr M may wish to speak to EE about a way forwards to clear the debt. EE should work with Mr M to figure out the best way forward for doing so. EE may need to reinstate the credit agreement or bring it back from the debt recovery company. It will also need to remove adverse information from his credit file for the relevant period and allow him to recommence making the contractual repayments towards it. EE hasn't responded to say that won't be possible.

If Mr M is in financial difficulties I'd remind EE to treat him with forbearance and due consideration. I can't set out what would need to happen in every single scenario going forwards, but I think the directions I'm making allow the parties to draw a line under the complaint. If Mr M is unhappy with anything EE does going forward, he'd need to take it up with EE in the first place, and if he's unhappy with its response it may be something our service can consider for him separately.

I should also point out that Mr M doesn't have to accept this decision. He's free to pursue the complaint by other means, such as through the courts, if he thinks he'd achieve a more generous outcome.

### **Putting things right**

EE Limited should:

- Pay Mr M £50 compensation to the extent not done so already.
- Use the early termination fee sum that was paid by Mr M and reduce the credit agreement by the same. (I believe this was £402.30.)
- Remove adverse information from Mr M's credit file.
- Allow Mr M to continue paying the credit agreement with the contractual monthly repayments.

### **My final decision**

My final decision is that I uphold this complaint and direct EE Limited to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2025.

Simon Wingfield  
**Ombudsman**