

The complaint

Mr M has complained about the way Hutchison 3G UK Limited trading as Three (“Three”) is treating him in relation to credit agreements that were taken out to buy devices.

What happened

The circumstances of the complaint are well known to the parties so I won’t go over everything again in detail. But, to summarise, Mr M has two credit agreements with Three that were taken out to buy devices. The first agreement (“agreement 1”) was entered into in December 2023. It was for a device that cost around £1,300 and it was due to be repaid with monthly repayments of around £50 for two years. The second agreement (“agreement 2”) was entered into in July 2024. The device cost around £1,600 and it was due to be repaid with monthly repayments of around £45 over three years.

Mr M acknowledges he took out agreement 2 but said his ex-partner had taken out agreement 1 fraudulently. He said due to payments being missed adverse information was recorded on his credit file and the debt was passed to a debt recovery company. He said Three took payments for the wrong device.

Three sent a final response letter to Mr M saying it didn’t uphold the complaint. Although it had provided Mr M £130 in total compensation for the experience and delays in answering his complaint. Mr M decided to refer it to the Financial Ombudsman.

One of our investigators contacted Three to see if there was a way to mediate a resolution. After doing so Three offered to cancel the associated airtime contract without penalty. It offered to review agreement 1 if Mr M was able to provide supporting evidence to show he’d been the victim of fraud. It said it would consider evidence such as a crime reference from the police or a letter from a debt charity. Three also offered to allow Mr M to return the goods under agreement 2 and for it to settle the agreement. Our investigator thought the overall offer from Three was fair.

Mr M returned the device under agreement 2. He said he was going to send documentation showing he was coerced into taking out agreement 1. He then said he didn’t think the situation was resolved because he thought he’d been put in a worse position. He said he thought he should be due a refund.

As the complaint wasn’t resolved, it’s been passed to me to decide. I decided to write to the parties with some provisional findings. I set out that complaints solely to do with airtime issues aren’t generally what we’re set up to deal with. However, I’m conscious Three had allowed Mr M to come out of the relevant airtime agreement without the usual charge. So even if it was something I could consider as an offshoot of a financial services dispute, I didn’t find there was grounds to direct it to do more than that.

Three also allowed Mr M to come out of agreement 2. It cleared the debt that was left. I’m conscious that it’s not in dispute Mr M wanted to enter into agreement 2. While I appreciated he’d paid something towards it, that credit agreement was due to run until 2027. There was a significant debt left to pay towards it. Three wasn’t obliged to end the credit agreement, but it

made an offer for Mr M to come out of it. It cleared the outstanding debt which I thought was fair in the circumstances. I didn't find there were grounds to direct it to do more than what it had done for this agreement.

I said the other thing left in dispute was agreement 1. There's money still outstanding towards that agreement. Mr M is unable to return the device, for the reasons he's mentioned to our service.

While I appreciated Mr M said he was coerced into entering into agreement 1, or that his ex-partner fraudulently took it out, I had to bear in mind there's a lack of supporting evidence presented from Three's point of view. And I thought it was relevant:

- Three said the application for agreement 1 was carried out in store, and so the applicant would have been verified.
- Mr M's own email address was used and Three contacted him about the debt several times, yet it was a long time until the fraud dispute was raised.
- Mr M acknowledged the debt during contact with Three.

I said I'm not concluding something definitely didn't go wrong with Mr M's ex-partner. But I didn't find I had the grounds to direct Three to end agreement 1. Three had also gave Mr M the option of providing documentary evidence in relation to the circumstances around agreement 1 being taken out and the relationship with his ex-partner. I said I could understand if Mr M didn't want to go through with that process. It's ultimately up to him. But I thought Three's offer to consider any evidence that could support what he's saying was fair.

Overall, I said I was very sorry to hear Mr M is unhappy and that he's unwell. I can't imagine how he must be feeling. But I thought Three had sought to try to help, and I thought its offers had broadly been fair. So I didn't intend to direct Three to do more than that.

Three didn't have anything further to add, but Mr M said he objected. He said it's not fair to have to relive the stress and frustration of being coerced and thought there was sufficient evidence to show agreement 1 was taken out by means of coercion. He didn't think he should have to provide more information. He said no guarantees had been given that any information he'd provide would be genuinely considered.

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 resolve complaints quickly and with minimum formality. I want to assure Mr M and Three 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 regulated fixed sum loan agreements, and our service is able to deal with complaints relating to these sorts of agreements. As I said in my letter to the parties, we're not generally able to deal with complaints solely to do with airtime. I note Three has offered to end an airtime agreement for Mr M, and it gave him some forbearance to allow him to switch airtime contracts. In the circumstances, I think that was fair of it, and I don't have the grounds to direct it to do more in relation to his airtime agreement.

Mr M acknowledged he'd taken out agreement 2 to buy a device. Three offered to allow him to return the device and it ended the credit agreement. I think this seems fair. There was still a substantial sum left to pay, and the credit agreement was due to run until 2027. Mr M had only made a few payments towards agreement 2. He used the phone for around a year. Given Three offered to end the airtime agreement, and that it ended the credit agreement debt when Mr M returned the phone, I don't think its offer put Mr M in an unfair position. I think the sum he paid for his use of the phone, along with the cancelled airtime seems like a fair compromise. The relationship between him and Three had started to break down. And I think this offer allowed Mr M to hand back an expensive device and to be able to clear the associated debt. He didn't have to take up the offer. I don't find I have the grounds to direct it to do anything else given agreement 2 is now ended and Three has said nothing further is due.

With regards to agreement 1 what I need to decide is whether Three had sufficient evidence to be able to fairly hold Mr M liable for the debt, or whether it needs to take any further action in relation to it.

Three has said agreement 1 was taken out in one of its stores and that ID evidence would have been needed from the applicant. It said the applicant would have needed access to the email address used to sign the finance agreement. I can see Mr M's current email address was used to sign the finance agreement so I can understand why Three thought he'd accepted the terms of it. There wasn't clear supporting evidence to show he didn't.

Correspondence was sent to Mr M about agreement 1 to his email address. Repayments were made towards agreement 1 throughout 2024. And Mr M acknowledged he entered into agreement 2 with Three in 2024, again using his same contact details. Like our investigator pointed out, Mr M also acknowledged agreement 1 was set up when he spoke to Three about the repayments required. I think Three would've found the circumstances around agreement 1 didn't, on the face of it, appear to be an agreement taken out fraudulently. And I'm conscious I think Three would have had more options available if Mr M had reported an issue sooner.

When Mr M reached out for help, I don't think Three had enough to determine he didn't take out the agreement himself or give his ex-partner some sort of authority to take it out on his behalf. I think it would have wanted to see more to conclude Mr M shouldn't be liable for the debt, or that it should take any further action.

However, after speaking with our investigator, Three has left it open for Mr M to provide further evidence about the circumstances surrounding him taking out the agreement. I'll leave it up to Mr M to decide if he wishes to pursue that. I know Mr M wants some sort of guarantee that Three will take action if he provides supporting evidence, but I think it's fair it would need to consider the evidence supplied before deciding next steps. Moreover, I primarily need to consider what happened up to Three sending its final response letter because the events preceding this relate to what it's had the chance to consider. I can't practicably set out what steps it would need to take in every scenario going forward. But if Mr M thinks he's being treated unfairly in the future and is unhappy with how Three deals with it, it may be something our service can consider for him separately.

Overall, I think Three should have got to grips with things a bit sooner given it took a few months for it to set out its position on Mr M's complaint. I think the compensation it paid seems fair to reflect that. As I've said above, I think it acted fairly by allowing Mr M to come out of agreement 2 and his airtime. It's willing to consider further evidence from Mr M about agreement 1. But I don't find I have the grounds to direct it to do more with agreement 1.

My final decision

Hutchison 3G UK Limited trading as Three offered to end agreement 2 and an airtime agreement for Mr M. I think this is fair in all the circumstances, and I'm not going to direct it to do more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 November 2025.

Simon Wingfield
Ombudsman