

The complaint

Mr Z complained about the way Hutchison 3G UK Limited trading as Three (“Three”) administered a fixed sum loan agreement he’d taken out to buy a phone.

What happened

Mr Z bought a phone for around £1,100 in December 2023 using a fixed sum loan agreement with Hutchison 3G UK Limited trading as Three (“Three”). The agreement required 24 payments of around £47. At the same time, he also entered into a separate agreement for an airtime plan, with the monthly payments for these two agreements being taken separately.

Mr Z has told us that he was unaware he was entering into two agreements, and he was expecting everything to come out as one payment.

When the payments for the phone began being called for, Mr Z was confused and contacted Three via an online chat in February 2024. When Mr Z queried the payment of around £47 he was incorrectly told by an advisor from Three that there wasn’t an issue and that his account was up to date, with the online chat ending unexpected shortly after this.

In April 2024 Mr Z called Three to discuss the bills he was receiving and it was at that point Three made it clear to Mr Z that there were two agreements in place.

In May 2024 a default notice was issued by Three, requiring a payment of £189.68 be made by 20 June 2024.

Mr Z then paid the £189.68 amount in June 2024, which was received by Three on 21 June 2024, which was a day after the default notice deadline, which meant the agreement terminated.

Mr Z complained to Three about what had happened, and Three responded in a final response letter dated 14 August 2024 which addressed Mr Z’s concerns about the fact Mr Z felt he had unknowingly entered into two agreements, when he was under the impression he had only entered into one. Three didn’t uphold Mr Z’s complaint.

Mr Z complained to Three again in May 2025 about the misinformation Mr Z received from the online chat in February 2024, how the default had been handled and the subsequent credit file impact. Three issued a further final response covering off these issues on 13 May 2025, again not upholding the complaint.

As Mr Z remained unhappy the complaint was brought to the Financial Ombudsman. Following our involvement, Three acknowledged that wrong information had been provided by their advisor, and made an offer of £50 in recognition of this. Our investigator considered this a fair offer and issued their view along this basis.

Mr Z disagreed, in summary explaining:

- He was unaware he had entered into two agreements and had expected the payments to be taken as one
- He was given wrong information by the Three advisor, which he relied on
- When he was finally given correct information in April 2024, he attempted to rectify the situation by gathering the money required

- He paid the required amount on the day specified by the default notice, but it took a day for it to clear on Three's systems

As Mr Z disagreed with the investigator's view, it has been passed to me for a decision.

Three have since been in touch to explain that they do not consent to the Financial Ombudsman considering the initial sale of the agreements which was covered in their 14 August 2024 final response letter, as it has been brought out of time. But Three did not object to our service considering the merits of the 13 May 2025 final response.

Our service wrote to Mr Z to explain this, and Mr Z agreed he did not want us to consider the merits of the 14 August 2024 final response, and only wanted the Financial Ombudsman to consider the 13 May 2025 final response.

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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

Having considered all the circumstances, I've reached the same overall conclusions as the investigator for broadly the same reasons. I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the quick and informal nature of this service in resolving disputes.

Mr Z bought a phone using a fixed sum loan agreement from Three. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to them.

In response to our investigator's view, Mr Z explained that at the point of sale he was unaware that he had entered into two agreements, one for the phone and a separate agreement for the airtime. As this matter was covered off in Three's final response of 14 August 2024, and both Three and Mr Z have confirmed this doesn't form part of this complaint, I won't comment on how the agreements were entered into within this decision. But I will take into account that Mr Z has explained the reason for him initially failing to pay the monthly instalments for his fixed sum loan agreement, was because of this confusion.

The misinformation contained within the February 2024 online chat

Mr Z has raised concerns about the information provided to him during the February 2024 online chat. I've reviewed the online chat, and I agree that Mr Z was provided with unclear information by Three. I say this because within the chat, Mr Z explained he wanted information about his bill, and was told by Three that nothing was due on his account and that it was in credit. Three told Mr Z this, despite Mr Z actually having missed January 2024's monthly instalment on his fixed sum loan agreement. I can see that Mr Z then queries why Three had attempted to take £47 from his account, and Mr Z was told by the advisor that there wasn't any record of Three attempting to take an amount like this. Whilst I note Three have explained that the reason for this misinformation from their advisor, was due to the advisor referring to the airtime agreement being in credit, rather than speaking about the fixed sum loan agreement, I think it would have been reasonable for Three to consider both of the agreements that Mr Z had with them, when providing an answer in relation to a consumer who has confused about how their bill operated. Given this I'm satisfied that Three provided unclear information to Mr Z at this point.

However, whilst I'm persuaded Three provided unclear information, I also have to take into account what happened after this point in time, to consider whether Three was fair to apply to default in the way they did.

After the online chat in February 2024, I can see Three wrote to Mr Z in March 2024 with a notice of sums in arrears letter, explaining there were arrears present on the account.

Following this, in April 2024 Mr Z contacted Three to again query his bill. In response to our investigator's view, Mr Z explains that it was during this April 2024 contact with Three, that it was finally made clear to him that he had two separate agreements with Three. The contact notes from Three support this as they suggest the loan agreement for the phone was specifically discussed during this April 2024 contact.

A default notice was then issued by Three on 30 May 2024, requiring payment of £189.68 by 20 June 2024, with Three then receiving the £189.68 from Mr Z a day late on 21 June 2024.

The Information Commissioner's Office says that when a consumer is at least three months behind with payments, then a default may be registered. I think Three acted reasonably in issuing the default notice when they did. I say this because at the time the default notice was issued in May 2024, the account was already four months in arrears.

Whilst I acknowledge that Three did provide unclear information to Mr Z in February 2024, by Mr Z's own testimony he had received clarification on this in April 2024. Since I'm satisfied Mr Z had the information he required about the arrears in April 2024, I think he had sufficient opportunity to repay the outstanding balance from that point on, and was made reasonably aware of the 20 June 2024 deadline for repayment.

Given that no payment was received by Three by the end of this deadline, on the face of it, I can't say Three acted unfairly by terminating the agreement in the way they did.

Mr Z's concern over his payment being one day late

I note Mr Z has raised a specific concern that he feels he paid the amount on the day of the deadline, but that it cleared a day later. I've considered Mr Z's comments in relation to this, and whilst I appreciate his concerns, they don't make a difference to my decision.

Three's statement of accounts show Mr Z's payment of £189.68, with a transaction time and date of 11:38 on 21 June 2024, and that the payment method was through the "*Faster Payment*". Payments like these typically clear within minutes or hours, so I haven't been provided with any evidence suggesting Mr Z initiated the payment on 20 June 2024.

However, even if I'm wrong about that, I note the language used in Three's default notice of 30 May 2024. This states "*Date by which repayment of the arrears is required: Repayment of the arrears must be received by us on or before 20 June 2024*". This makes it reasonably clear that the payment needs to be received by Three on or before 20 June 2024, and not that a consumer needed to attempt the payment on or before 20 June 2024. This is an important distinction, as even if there was evidence showing Mr Z had started the payment on 20 June 2024, since it's clear the payment wasn't received by Three until 21 June 2024 in this instance, it would have been after the deadline.

I've considered Mr Z's argument more generally, that he feels it was unfair to terminate the agreement when he was only one day late in clearing the arrears. Whilst I have sympathy for Mr Z's position here, the deadlines for default notices are strict, and Three have a duty to record an accurate reflection of what has happened on the account. So I'm not able to say Three acted unfairly in terminating the agreement when it did, or by reporting this to credit reference agencies.

Putting things right

As I've already set out I think Three provided unclear information to Mr Z during the February 2024 online chat.

As a result of this Mr Z had to contact them again in April 2024 before he was finally provided clear information on the status of the account.

For the reasons I've already set out, whilst I can't say Three acted unfairly by terminating the agreement in the way they did, I think that the information provided during the February 2024 online chat did cause Mr Z some confusion and inconvenience.

Upon the complaint being referred to the Financial Ombudsman, Three offered £50 in relation to this, which they have confirmed is still available.

Taking everything into account, I'm satisfied that £50 represents a fair reflection of the distress and inconvenience I would have instructed Three to award, had they not already made that offer.

So to put things right, I require Three to:

- Pay Mr Z £50 to compensate him for the distress and inconvenience

My final decision

My final decision is that I require Hutchison 3G UK Limited trading as Three ("Three") to pay Mr Z £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 27 March 2026.

Jonathan Wistow
Ombudsman