

The complaint

Mr A has complained that Telefonica UK Limited trading as O2 (“O2”) allowed two agreements for mobile phones to be taken out in his name fraudulently.

What happened

Two fixed sum loan agreements with O2 for mobile phones, were taken out in Mr A’s name in January 2025 and February 2025.

Mr A became aware of these agreements in March 2025, and contacted O2 to inform them these agreements were opened fraudulently without his knowledge.

O2 investigated Mr A’s concerns, and in June 2025 concluded that the agreements had indeed been entered into fraudulently, and so Mr A’s personal details were disassociated from the accounts and adverse credit file information was removed from Mr A’s credit file.

Mr A brought his complaint to the Financial Ombudsman as he was concerned about the length of time it took to resolve, and the impact on his credit file. Following our involvement O2 made an offer of £100 for distress and inconvenience.

Mr A didn’t accept this offer, and so our investigator issued their view on the complaint. Our investigator recommended that a further £100 be awarded by O2, making a total distress and inconvenience award of £200.

Both O2 and Mr A disagreed with this proposed resolution.

O2 stated that they acknowledge there were delays on their side and as a result there was an impact on Mr A’s credit file. However, O2 felt they kept Mr A sufficiently informed of the progress of the complaint, given the fact there was an ongoing fraud investigation taking place. Due to this they felt a total award of £150 was a fairer reflection than £200 in this instance.

Mr A disagreed with the resolution as he felt a much higher award of £1,500 was more appropriate in the circumstances, and he had concerns over how many other cases of fraud had occurred with O2 in circumstances similar to his.

As both parties disagreed with the view the complaint has been passed to me for a decision.

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.

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 A's complaint is about how O2 acted when two fixed sum loan agreements were taken out. Those were regulated agreements, and ones which this service has the power to consider complaints about. Mr A is eligible to bring this complaint because O2

initially sought to recover payments from him in relation to the fixed sum loans, before eventually accepting they were taken out fraudulently.

Both parties agree that the loan agreements that were taken out in Mr A's name, were entered into without Mr A's consent and so were taken out fraudulently. O2 have removed Mr A's details from both of these accounts, and amended Mr A's credit file.

As this aspect of the complaint has now been resolved, I'll focus on what remains – which is the impact these events have had on Mr A. I note Mr A has raised concerns about how fraud was allowed to occur in the first place. These are valid concerns to raise, and I can understand why he would be worried about this. However, as O2 have stated they can't explain how the fraudsters were able to obtain enough personal information about Mr A to take out the agreements, there isn't any more explanation that can be provided here. On the same note, Mr A has questioned how many other cases of fraud had been recorded by O2 in circumstances similar to his, but this isn't something I can provide an answer to. The role of the Financial Ombudsman is to consider what has gone wrong, and how best to put a consumer back in the position they'd have been in, had the error not occurred. This is what I'll now consider when looking at the impact these events had on Mr A.

No regular payments were made by Mr A in relation to either of these loan agreements, so there was no financial detriment to Mr A in relation to any payments he had to make that he shouldn't have been liable for.

Mr A first contacted O2 in late March 2025, when he became aware of the fraudulent accounts. Almost three months later, in June 2025, O2 completed their investigation into the accounts and took action to remedy the issues. There isn't a dispute that this took longer than it should have done to be resolved, as O2 acknowledges there was a delay on their part.

Mr A has explained that during this period of time his credit score fell as a result of the adverse credit file information being recorded by O2. Mr A has provided evidence showing his credit limit has decreased and his interest rate has increased on one of his credit cards with a third party bank. Mr A has also provided screen shots of his credit score showing it went down in April 2025 before returning back to a similar position in June 2025. Mr A feels these were direct results of O2's actions.

I've considered what Mr A has said about the impact on his credit score. It isn't in dispute that O2 had to amend Mr A's credit file, so it's reasonable to conclude there was a detrimental impact on Mr A's credit score during this time. It's important to note that how a credit reference agency determines a consumer's credit score is complex and affected by a number of factors. However, when looking at the period of time that Mr A's credit score dipped and subsequently recovered, it does line up with the period of time these issues were being investigated by O2. So on balance, I think it's reasonable to say the fraud issues which took place here were a contributing factor to what happened to Mr A's credit score.

I've then considered the impact on Mr A's credit card. How a credit card provider chooses to set their interest rate or credit limit on a particular consumer's account, are decisions the card provider will make for a variety of commercial reasons. Without seeing evidence from the credit card provider, that explains the specific reason for a change was the adverse

information being reported by a specific lender, it would be difficult to attribute interest rate or credit limit changes to a specific event. As the evidence Mr A has provided doesn't show this, whilst I appreciate these changes occurred on Mr A's credit card, I can't hold O2 solely responsible for them.

In relation to the communication from O2, I take on board O2's comments that providing regular updates to Mr A during this process was challenging, given there was an ongoing fraud investigation taking place. However, the fact there were delays in this process, and so it took longer than it should have done for Mr A to get an answer would have caused understandable distress to Mr A, in what was an already concerning situation.

I appreciate Mr A feels the level of compensation here should be higher, in the region of £1,500. The reason Mr A feels this would be appropriate, is that an award of this level would "focus O2". It's important to explain here that the role of the Financial Ombudsman is not to punish businesses, or to make punitive awards. Instead, we award compensation for the specific impact an error had on an individual consumer. Considering what Mr A has told us about the impact on him and given the length of time the issues affected Mr A, I'm not persuaded it would be proportionate to ask O2 to make an award in the region that Mr A is requesting here, but I do feel an award should be made.

O2 have given their reasons why they feel a total of £150 is a fair reflection of the impact on Mr A, but I'm persuaded the investigator's view is fair. Mr A has told us about having to contact O2 on a number of occasions whilst the investigation took place. I appreciate that in response to the investigator's view, O2 have explained that Mr A did not need to repeatedly contact them. However, I think it wasn't unreasonable for him to do so, given O2 have told us Mr A was being chased for payments on two agreements he hadn't taken out. This would have been concerning and distressing for him. The amount of credit involved here was considerable, so I can understand why Mr A would have been anxious and worried about this too, and would have reasonably sought updates from O2 during this process. As O2's investigation process as a whole took longer than it should have, and impacted Mr A's credit file for longer than it should have, I agree with the investigator that a total award of £200 is a fairer reflection of the overall impact on Mr A.

Putting things right

For the reasons I've already explained I think a total of £200 fairly reflects the distress and concern O2's delays have had on Mr A here.

To put things right, I require O2 to:

- Pay Mr A, to the extent not done so already, a total of £200 to compensate him for the distress and inconvenience

My final decision

My final decision is that I uphold this complaint and direct Telefonica UK Limited trading as O2 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 A to accept or reject my decision before 11 February 2026.

Jonathan Wistow
Ombudsman