

The complaint

Mrs N has complained about the way Telefonica UK Limited trading as O2 ("O2") treated her after a fixed sum loan agreement was taken out to buy a device.

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, Mrs N said around April 2024 she attempted to change her airtime contract with O2 while she was living abroad. She said she struggled to get hold of the right person online. She said she received a call from who she thought was O2 about an upgrade. She said she declined the upgrade but asked if she could cancel her current deal. She said she was surprised to see a device was delivered to her UK address. The device was paid for using a fixed sum loan agreement with O2 in Mrs N's name. She said O2 arranged to collect the device, but she was unhappy it continued to bill her for it. She said O2 failed to process the cancellation. She said she continued to complain and ask for help but O2 didn't resolve things for her.

Mrs N said upon returning to the UK around September 2024 at her own expense to visit an O2 store in person she was informed her account had been taken over. Mrs N complained to O2 in October 2024 saying she'd incurred damages:

- Flight tickets to the UK to visit O2 - £428.
- Train tickets to attend the O2 store - £37
- Additional SIM card purchased - £10
- Lost earnings due to time taken off - £14,669.

She said her credit score had been damaged and she'd suffered distress and inconvenience. She requested compensation of around £30,000. Mrs N said the situation wasn't resolved and the debt was passed to a debt collector – although this was to do with airtime being owed. Mrs N said this happened off the back of her visit to the store, but she didn't ask for any changes to her airtime contract. O2 said its fraud team made a change to put the airtime account back to how it was before the scam events because it wasn't aware Mrs N wanted to change to pay as you go or cancel the contract. Mrs N said contact had subsequently been made with her ex-partner about the debt which caused problems. She decided to refer her complaint to the Financial Ombudsman.

O2 decided to offer £200 compensation to say sorry for the way things were handled. It said the correct actions had been taken to close the loan agreement, remove all charges and correct Mrs N's credit file. Our investigator thought that was fair but Mrs N disagreed. Mrs N said the compensation didn't even cover the flight ticket she had to pay to come to the UK to resolve matters. She said O2 compromised her details to a scammer.

I issued a provisional decision that said:

I want to acknowledge 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

matters quickly and with minimum formality. But I want to assure Mrs N and O2 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.

O2 sought money from Mrs N under a fixed sum loan agreement, and our service is able to consider complaints relating to these sorts of agreements. But our service isn't generally able to deal with issues that solely relate to airtime agreements.

I understand that O2 has now cancelled the loan and corrected Mrs N's credit file. It's offered £200 to say sorry. What's left to decide is what else, if anything, needs to be done to put things right.

Mrs N said the scammer was given her details by O2. I've not seen sufficient supporting evidence to demonstrate that's what happened. But O2 has accepted Mrs N was the victim of a scam and has now agreed to cancel the credit agreement. O2 has said it didn't collect the device. So it seems that a scammer may have obtained Mrs N's details to take out the agreement in the first place and then posed as a courier to pick up the device from Mrs N's address. I do have to bear in mind that the problem here has stemmed from the person undertaking the scam. And there's a lack of evidence that O2 was the primary cause of the issue.

That being said, I'm also conscious that the agreement was taken out in April 2024. O2 was aware Mrs N had alleged she'd not taken out the agreement not that long afterwards. O2 sent a final response in February 2025. So I think the situation took far too long to resolve. This must have been upsetting and worrying for Mrs N.

Mrs N has claimed for losses she says she's incurred as a result of what went wrong, as well as compensation for the distress and inconvenience.

When considering what a complainant can fairly recover I need to think about causation, remoteness, mitigation, along with other things. So the sorts of things I need to consider when it comes to compensation or consequential losses Mrs N has claimed as a result of O2's mistake is whether the losses were reasonably foreseeable and directly flowing from the mistake. I also need to consider what sort of evidence we've been supplied and whether the complainant has taken steps to mitigate.

In Mrs N's case I don't find I can say the losses she's claimed meet all of the conditions I've set out above. It's not clear the losses were reasonably foreseeable, directly flowing from a mistake made by O2 or whether Mrs N took steps to mitigate. I've not seen sufficient evidence Mrs N lost out on income as a result of what went wrong or even if she did that she wasn't able to mitigate. I can't safely conclude the travel costs or SIM card cost she's claimed were reasonably foreseeable or directly flowing from what went wrong. I've also not seen that the impact on her credit file led to a knock-on loss. There's a lack of evidence and so I'm not going to direct O2 to reimburse Mrs N the losses she says she's incurred.

However, I can consider how the situation affected Mrs N practically and emotionally. In other words I can consider the overall distress and inconvenience caused. As I said above, I need to do that quickly and informally and like our investigator pointed out, I need to consider the impact on Mrs N personally.

I think the £200 compensation would likely have been fair if O2 got to grips with things sooner. But I'm conscious it took many months for O2 to fully take the steps to resolve matters. While I do have to appreciate that O2 has been defrauded as well, and that part of the issue here relates to an airtime debt, I think O2 ought to have set out its position much

sooner than it did. Some of O2's responses about what happened with the airtime contracts and why weren't very clear. O2 said it marked the case as resolved in October 2024 but Mrs N sent letters complaining that month. O2 said it tried to contact her by phone, but the evidence is incomplete. It's not clear that O2 couldn't have taken further steps or used a different contact method to find out if the situation had been resolved. Moreover, I note O2 said it was still taking 'final steps to clear' when it sent us its business file in February 2025 – nearly a year after the agreement was taken out. This indicates the situation hadn't been resolved properly a few months before.

Mrs N has said the situation took a lot of effort to sort out. And O2 didn't keep to its deadlines. I don't have evidence debt collectors turned up to Mrs N's ex-partner's property. And I'm conscious that even if that happened this was likely to do with an airtime debt owed. It would be unusual a debt collector was setting itself out as being able to recover goods. But it's not in dispute debt collectors were passed a debt from O2. Even though the debt is now cancelled, this must have been concerning and worrying for Mrs N.

Overall, I think there have been significant delays, a debt was passed elsewhere, and it seems plausible that Mrs N's credit file was adversely impacted while the dispute was being looked into. While some of the issue might have been to do with an airtime agreement, it seems likely this was all as a result of the original problem to do with the credit agreement not being fully resolved, or O2 not adequately informing Mrs N what was happening and why. In the circumstances, I think O2 should increase the compensation by £200. An award of £400 is in line with what our service awards where the impact of a mistake has caused considerable distress, upset and worry, and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. The impact of this sort of mistake can last months. I think this sort of award is more reflective of what happened in Mrs N's case. But to be clear, I think the award should be made in relation to how O2 took steps to resolve the issue, rather than for the issue happening in the first place.

O2 agreed to pay the compensation. I can't see we received a response from Mrs N.

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.

Seeing as though neither party has submitted anything materially new for me to consider I see no reason to depart from the conclusions I reached in my provisional decision.

My final decision

My final decision is that I uphold this complaint and direct Telefonica UK Limited trading as O2 to pay Mrs N £400. To the extent it's not done so already, it should also make sure the credit agreement is ended and her credit file is corrected.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 10 December 2025.

Simon Wingfield
Ombudsman