

The complaint

Mr W has complained that Sky UK Limited (“Sky”) is unfairly holding him liable for a credit agreement that was taken out to buy a device.

What happened

The circumstances of the complaint are well known to both parties so I won’t go over everything in detail. But, to summarise, around March 2025, Mr W entered into a fixed sum loan agreement with Sky for the supply of a new tablet device. The device cost around £1,000, and the agreement was due to be paid back with monthly repayments of £29 for 24 months, followed by a further 12 monthly repayments of £26.

When entering into this agreement, it was agreed that Mr W would trade-in his existing tablet device for a value of £250. There was an outstanding balance on his previous agreement with Sky, of £250 as well, and so his existing tablet was intended to clear the outstanding balance of his previous agreement.

However, when Mr W sent off his existing device, Sky explained there was a problem with the device’s ability to hold a charge. As a result of this issue, Sky would not be offering the full £250 amount.

Mr W was unhappy with this, as he had tested his existing device prior to sending it off, and felt it was working correctly. As Mr W had only had the new device for a few weeks, it was agreed that Mr W could cancel his new agreement, by returning his new device to Sky, and that Sky would return his existing device back to him.

Sky sent out a return label for Mr W to return his new device, and Mr W sent the new device back to Sky. However it later became clear that Sky did not receive the new device back, and so Sky stated they were not prepared to cancel the new agreement. Mr W has said that Sky informed him his old device could not be returned to him, and that the previously agreed trade-in value of £250 had been applied to his previous account, as had originally been intended.

Mr W brought his complaint to the Financial Ombudsman as he was unhappy with Sky’s response. Our investigator upheld Mr W’s complaint, recommending that Sky:

- End the agreement with nothing further to pay
- Remove any adverse credit file information
- Refund any payments Mr W made towards the agreement, plus 8% interest
- Pay £100 for distress and inconvenience

Mr W agreed with this resolution, but Sky disagreed, explaining that as Mr W had not kept a copy of the proof of postage, it wasn’t sufficiently clear that what Mr W sent back to Sky was the device in question. As Sky couldn’t be certain the device had been returned to them, they said the agreement should remain in place.

As Sky 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 W's complaint is about how Sky acted when a fixed sum loan agreement was taken out. This was a regulated agreement, and one which this service has the power to consider complaints about.

There were initially concerns about whether Mr W would receive the full £250 amount, for the existing device Mr W traded-in to Sky, in order to clear the outstanding balance on Mr W's previous account. As Mr W has told us that the full £250 was eventually paid by Sky, apparently clearing his previous account, it appears this aspect of the complaint has now been resolved, so I won't comment on this any further.

At the time Mr W sent his new device back to Sky, the agreement had been live for less than a month, and it hasn't been disputed by Sky that had the return process gone as expected and Sky received the device back safely, the new agreement would have been unwound. So the crux of this complaint, is whether it is fair and reasonable for Sky to hold Mr W liable for the balance of the new loan agreement, and to answer that I need to make a determination on what most likely happened with the return process.

Sky state that when the return of the device was processed, they sent out an email to Mr W, explaining how to return the new device, and the email said Mr W should "*keep the proof of postage*". As Mr W has not evidenced a copy of the proof of postage, Sky have stated there is insufficient evidence showing that Mr W actually returned the device back to Sky. Sky state that the proof of postage would evidence the weight of the package, allowing a determination of whether the contents of the package Mr W sent to Sky, matched the correct expected weight of the device. So Sky feel the lack of a proof of postage, means it's not possible to conclude Mr W actually sent the device back to Sky. Sky also maintain that the package Mr W sent to them was lost in transit, rather than actually received by their returns centre.

Mr W has explained that he did not keep a copy of the proof of postage, after he handed the package over at a Post Office. This is unfortunate, and I agree with Sky's argument that Mr W was informed that he should keep the proof of postage, as this was set out in the email Sky sent to him during the return process.

However, I'm not persuaded the lack of this particular piece of evidence makes a difference in this instance for the following reasons.

I've firstly considered whether the package Mr W sent was lost in transit, as Sky have explained, or whether the package reached Sky's return centre and was lost from that point onwards. Whilst Sky have said there is no record of the package being located in their return centre and that the tracking information doesn't confirm the package was "*successfully received*" by their returns centre, I would disagree with this assertion. The tracking label Mr W used was provided by Sky and shows the address of Sky's return centre and as well as the tracking number. Entering the tracking number, shows the package was "*delivered*" the day after Mr W dropped it off. So the tracking indicates the package was successfully delivered to Sky's return centre. It's possible that the delivery company has made an error, and incorrectly recorded the package as being delivered, when it actually was not. However,

I think it's reasonable to say this isn't the most likely scenario to have happened. Since the correct address is shown on the label that was used, and the tracking information states "*your item was delivered on 09-04-2025*", I think it's fair to say the package was not lost in transit, and instead likely reached Sky's return centre successfully, and it was from that point onwards the package went missing. The label on the package contained Mr W's customer reference number, and his name and address details, which I think should have allowed Sky to locate the package, and since it was then lost after it reached Sky's return centre, I think Sky are responsible for that loss.

I've then considered Sky's concerns around the lack of proof of postage. Sky's main concern is that proof of postage would demonstrate the weight of the package that Mr W sent to them, and with that information, Sky could comment on whether the package Mr W sent to them likely had the correct device in it. I appreciate Sky's concerns here, as they are concerned the package might not have contained the device. However, it's important to note that Sky haven't been able to say what was actually inside the package Mr W sent to them, so there's no evidence to suggest that what Mr W sent back to Sky was anything other than the correct device. Mr W has been consistent in his version of events that he returned his device correctly using the tracking label provided by Sky, and on the other hand Sky haven't been able to say what was contained within the package Mr W sent, since the package was lost after it reached Sky's return centre.

I'm satisfied Sky were responsible for the package going missing, as it appears it did reach their returns centre. As a result of this, there's nothing to suggest the package didn't contain the correct device, and I don't think it's fair that Mr W be penalised for Sky losing the package after it reached their return centre. So on balance I'm not persuaded the lack of a proof of postage makes a difference in this instance.

I've then looked at the impact this process has had on Mr W. I can appreciate that being pursued for a device that he had already sent back would be a distressing situation for Mr W. I think an award of £100 in recognition of the distress and inconvenience Mr W experienced is a fair and reasonable award in the circumstances.

Putting things right

For the reasons I've explained I think Mr W returned the device to Sky, and so I don't think it's reasonable that he be held liable for the credit agreement in this instance. Given that Mr W only had the device for less than a month, it doesn't appear he's had any substantial use of the device, so I think it's reasonable that his payments be refunded back to him.

To put things right, I require Sky to:

- End the agreement with nothing further to pay
- Remove any adverse information related to the agreement from Mr W's credit file
- Refund any payments Mr W may have paid towards the agreement
- Pay 8% simple interest on any refunded payments, from the date the payment was made until the date of settlement
- Pay £100 for the distress and inconvenience Mr W has suffered

My final decision

My final decision is that I uphold this complaint and direct Sky UK 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 W to accept or reject my decision before 16 February 2026.

Jonathan Wistow
Ombudsman