

The complaint

Miss H has complained about the way Vodafone Limited handled things in relation to two fixed sum loan agreements that were taken out to buy devices.

What happened

The circumstances are well known to the parties so I won't go over everything again in detail. But to summarise, Miss H said in March 2020 she ordered a phone for a family member from a store I'll call "W". She said she took out a bundled contract so that her family member would be provided a phone and airtime. Miss H said the arrangement initially was that the direct debits would come from her (Miss H's) account, but her family member would transfer her the money every month. Miss H said in some months the family member forgot to send the funds which impacted the account. Miss H said her family member told her they'd take over the repayments and the direct debit was changed over.

Miss H's family member went on to change the email registered to the account app along with the address. Miss H's family member entered into two fixed sum loan agreements to buy new devices (in Miss H's name). The first agreement was taken out in December 2023 for a device that cost around £600. The agreement was to be paid back with £16 monthly payments for around three years. Miss H's family member took out another agreement for a device in September 2024. This device cost around £1,000 and it was due to be paid back with £29 monthly repayments for three years.

Miss H said when she found out about the credit agreements she complained to Vodafone. Vodafone responded to say it advised her to take the claim to the small claims court. It said the agreements were taken out and signed through Miss H's account and since it didn't have the devices in question, it was unable to process a return. It said the only way to remove the loan agreements from her account would be to pay off the remaining balances. But it said it would restrict the devices. Miss H decided to refer her complaint to the Financial Ombudsman.

One of our investigators looked into things and thought the 2023 agreement was entered into by Miss H's family member using their own email address and home address. He thought that Vodafone had sent confirmation and obtained one-time passcodes from the phone number Miss H's family member was using. This allowed the family member to change details on the account. He thought the 2024 agreement followed the same process. Our investigator didn't think Miss H took out the agreements herself, nor did he think she gave her family member authority to do so. He thought Vodafone should remove the credit agreements from Miss H's credit file and stop pursuing Miss H for the debt. He also thought Vodafone should refund Miss H any payments she'd made herself, along with 8% simple interest.

Miss H agreed, but Vodafone didn't. Vodafone said it hadn't made any failings. It said Miss H had acknowledged she took out the original contract for a family member. It said as an account holder, Miss H was solely liable and responsible for the upkeep and management of the account. It said Miss H was responsible to ensure the security of her account and that if she shared that information Vodafone couldn't be held liable for third party issues. It said the

Financial Conduct Authority set out that if a customer shares their online login details with a third party, they may be held responsible for any unauthorised transactions or commitments made by that third party.

I issued a provisional decision that said:

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 decide the complaint quickly and with minimum formality. I want to assure Miss H and Vodafone 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.

Vodafone is seeking money from Miss H under fixed sum loan agreements. These are regulated consumer credit agreements. And our service is able to consider complaints relating to these sorts of agreements. But we're not generally able to deal with complaints that related to airtime agreements or 'bundled' contracts because those don't relate to a financial service.

Like our investigator pointed out, the sorts of things I need to decide with this complaint is firstly whether Miss H agreed to enter into the credit agreements herself. And if not, whether she gave someone else actual or apparent authority to enter into the agreement on her behalf.

Where parties contract in writing, their contractual intentions (including their identity) must be ascertained from the documentation which they contracted. If Vodafone's offer was addressed to Miss H it's not open to acceptance from another party unless she authorised that other party to make the contract on her behalf.

I don't think Miss H took out the agreements herself. Given the email addresses and postal addresses were changed I think it's more likely than not that a family member took out the credit agreements.

Miss H said she didn't give her actual authority for a family member to take out the agreements with Vodafone either. It's not totally clear what happened, and the evidence is incomplete. It's hard to reach firm conclusions. But even if I were to accept Miss H didn't give her actual authority for the family member to take out credit agreements in Miss H's name, I'd also still need to consider if Vodafone acted reasonably by thinking Miss H had clothed the family member with apparent authority to enter into a contract on her behalf.

For there to be apparent authority in this case Miss H needed to have done or said something that amounts to a representation that Vodafone can rely upon that the family member had authority to contract on her behalf. That representation didn't need to be deliberate. It could be a statement as to her family member's authority or something done of a more general nature – by placing her family member in a position that would normally have given them authority to enter into the type of contract in question.

Vodafone's key position is that with Miss H allowing her family member to use the app, with its associated terms and conditions, it would be unfair to say it couldn't fairly rely on the family member having authority to take action on Miss H's behalf.

In Miss H's case she said her family member set up an online account in Miss H's name and this is how they were able to change the contact details and set up credit agreements. When Miss H spoke to our investigator initially she said she might've used the app a few years ago because she was with another provider and she "was not really with Vodafone". She's more

recently said she never created an online app with Vodafone and that her family member set it up themselves. The evidence is slightly conflicting so I reached out to Vodafone for more information.

Vodafone acknowledged Miss H joined it from W initially and didn't include a loan agreement. It said Miss H's email address was registered at the point of sale and that an online account was set up which means Miss H would have had to set up a password and PIN to access it. Vodafone said it had no visibility of the information set up which means the family member would only have known the access information if Miss H gave them the details. And because the family member had the phone linked to the account, they would have been able to use one time access codes along with the log in details to make changes to the account. I think what Vodafone has said seems plausible. Particularly given that it's not in dispute Miss H's email address was used initially. It seems unlikely the family member could've set up an account linked to an account under Miss H's email without being able to gain some sort of authority or access from Miss H.

Vodafone also set out it advises all customers not to share their personal information and that there's a privacy policy in place which sets this out. It also thought it should have been obvious for a customer not to share personal information. It said it hadn't failed because it took steps to correctly identify who it was dealing with at each interaction. Vodafone said that by purchasing an account for her sister Miss H was agreeing as part of the terms and conditions that she would be liable if the account user didn't maintain payments.

Vodafone also provided a list of all things users are able to do via their online account and that this is advertised in its privacy policy on the website, and which is also sent to customers when any new connections take place. It said when Miss H joined Vodafone she would have received this by email and would have been made to read and sign within the terms and conditions. This includes setting out an account holder could sign an agreement, add an additional line, upgrade and so on. I think that sounds plausible as well.

Vodafone also wanted to highlight that when Miss H was aware the family member had taken out the agreement she said the family member had agreed to continue the monthly payments. It says this supports Miss H gave some sort of authority for them to do that. On balance I think that's a fair view for it to have taken. It also seems likely that Miss H would've been emailed herself when her email was valid and when certain changes were made to the app credentials. I think Vodafone would have fairly wondered why that wasn't raised if Miss H wasn't happy with the arrangement.

Overall, and based on the evidence I've seen, I don't think Vodafone were unfair to grant the credit agreements based on Miss H giving either actual or apparent authority to the family member to do so. I think it's more likely than not that Miss H set up or enabled the family member to set up the online account because it was not until much later the email address associated to it was changed. It must have been set up initially under Miss H's email address.

I think Vodafone's terms and conditions do set out that its customer (Miss H) was responsible for safeguarding the password to access the service and would be responsible for any activity using her account, whether or not it was authorised. I think Vodafone does also set out that the account user can sign agreements. I think Miss H also indicated she accepted the arrangement once made aware when she said she'd contacted the family member who agreed to continue paying. Therefore, on balance, while I know Miss H will be disappointed, I don't find I have the grounds to say that Vodafone acted unfairly by holding out the family member was authorised to enter into the credit agreements with it on Miss H's behalf, even if that wasn't what she originally intended.

Miss H responded to say, in summary, there was no actual or apparent authority given to the family member to take out credit agreements, and Vodafone's reliance on a 2020 family arrangement wasn't valid. She said her use of a third-party network provider that is linked to Vodafone cannot create or sustain apparent authority for unrelated Vodafone credit agreements. She said Vodafone failed to identify Miss H when a new credit agreement was taken out under altered contact details, and no alerts were sent to her original details. She said Vodafone allowed the third party to change personal details without verification. She said Vodafone didn't take reasonable steps to make sure the agreements were authorised and it pursued payment when liability was disputed. She said Vodafone instructed her to contact the family member after police advised against it and it didn't handle her complaint fairly. She said the new credit agreements were separate contracts to the airtime, and not continuations of the original contract. She'd requested signed documents and that Vodafone had blocked devices acknowledging fraud. She said there were defaulting loans visible and that she'd had no benefit of the devices. She said there was no justification for departing from the investigator's original view. She requested her complaint was upheld.

Vodafone accepted the provisional decision. I shared Miss H's response with it and asked if there was any more information that could be shared to explain how the app was originally set up. I wanted to know if there was any possibility the family member would have been able to set up the app simply by knowing Miss H's email address or whether there was a step taken by Miss H to have it set up herself.

Vodafone responded to say when purchasing a new connection with it, even via a third-party provider, customers are required at the point of sale to set up an online account using their email. It said the information and access link is only sent to customers via their online account. It also said Miss H had given the family member access to the account and that there'd be no way for them to access it without that. It said if the family member attempted to reset details this would only have gone to Miss H's email address. Vodafone said the family member knew enough details to access the account and speak with Vodafone, and that the information wasn't publicly available. It said Miss H was responsible for the account and that Vodafone hasn't failed by granting the agreements.

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'd like to thank the parties for their responses. Having considered everything carefully, I'm not minded to change the conclusions I reached in my provisional decision.

It's not in dispute Miss H did agree to facilitate the initial purchase for the family member and agreed for them to take over the repayments. I appreciate Miss H may not have intended to give the family member access to the app in order for them to be able to open up credit agreements. But as I said in my provisional decision I also need to consider whether Vodafone could fairly conclude that Miss H had placed the family member in a position that would normally have given them authority to take out credit agreements or whether there's any other reasons that would mean Vodafone is fair in holding Miss H liable for the credit agreements.

To be clear I don't think Miss H's use of a linked but third-party network provider did lead to the authority given to the family member. But on balance, I did think there was a step taken by Miss H when the 2020 account was first set up to facilitate the Vodafone app being opened up. Vodafone explained she'd needed to have done that when setting up the original contract. Her email address was linked to the account until August 2021. Vodafone has said the app could not have been set up without Miss H's involvement, which seems reasonable.

I also note emails are sent when contact details are changed which set out it's important to let Vodafone know if the person receiving the email didn't make the change.

Vodafone has shown a list of things users are able to do via their online account (such as signing agreements) and it's explained this would have been sent to and accepted by Miss H. Having reflected on everything, for the avoidance of doubt, I agree I'd like to have been more certain about what Miss H saw and agreed to. It's not clear how prominent the warnings were. It's made more difficult to reach firm conclusions because the original 2020 contract was taken out through a third party. I'm relying on explanations from Vodafone when I'd like to have seen more definitive evidence. But what I also have to bear in mind is that I think it's important Miss H seems to have accepted the arrangement even when she found out what happened. After the loans were taken out, she wrote back to Vodafone to explain the family member *has agreed to continue monthly payments for the phone loan*. So taking that into consideration as well, even if Miss H hadn't given her authority for the agreement to be taken out, I think Vodafone may have fairly concluded she ratified it when she found out.

I don't think Vodafone would have been required to contact all the previously held contact details when the credit agreements were taken out. And even though Miss H said it blocked and cancelled airtime agreements for her (that ultimately were hers) I don't think it follows that it was also required to cancel the credit agreements that were taken out in her name to buy the devices.

Therefore, taking everything into account, while I know Miss H will be disappointed, on balance, I don't find there's the grounds to direct Vodafone to cancel the agreements.

I know Miss H is unhappy with how Vodafone dealt with things. I think part of the issue arose because she couldn't initially pass security because the family member had changed details. While I know she wasn't happy with the outcome, I think Vodafone sent its response to the complaint within a reasonable time. I do have to bear in mind here that the issue primarily stems from the family member, who Miss H did have an arrangement with, taking out credit agreements that Miss H said she didn't directly agree to. Or the breakdown in the relationship between Miss H and the family member after they'd agreed to continue paying towards the agreement.

Overall, I'm very sorry to hear about the situation. I can't imagine how it must feel for Miss H. I do hope a further arrangement can be reached with the family member. What I also should point out is that I primarily need to consider what happened up to when Vodafone issued its final response letter because the events preceding this relate to what it's had the chance to consider. If Miss H is unhappy with how Vodafone has treated her since the final response it might be something our service can consider separately. But while I'm sympathetic to the situation, I don't find I have the grounds to direct Vodafone to take any action under this complaint. I should point out that Miss H is free to pursue the claim by other means, such as through the courts. If that leads to further evidence, again, I'd expect Vodafone to consider it accordingly.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 19 January 2026.

Simon Wingfield

Ombudsman