

The complaint

Mr H complains about the switching process in relation to a mobile device that was supplied under a fixed sum loan agreement with Telefonica UK Limited trading as O2 (O2)

What happened

In January 2025, Mr H acquired a new mobile device through a fixed sum loan agreement with O2. The cash price of the device was £1,249. An upfront payment of £30 is listed, so the total amount financed on the agreement was £1,219 payable over 47 monthly repayments of £25.40 and a final repayment of £25.20.

Mr H said that after acquiring his new device, he returned his existing one to O2. However, O2 informed him that the device was still signed into a personal account. Mr H received the phone back, signed out of the account, but O2 refused to accept the return because it was outside the allowed timeframe. As a result, Mr H says he has been unable to benefit from the financial offer associated with returning his previous phone.

In May 2025, O2 issued their final response to Mr H's complaint. In summary it said the level of service was "*far from the standard we strive to maintain*", so it said Mr H would receive £100 for the inconvenience caused.

Unhappy with their decision, Mr H brought his complaint to our service where it was passed to one of our Investigators to look into. Mr H said they didn't mention why it happened.

In their file submission, O2 confirmed what Mr H had told the Investigator. However, they said a note from March 2025 advised they couldn't see the return on the account. It said they advise in their T&C's that the device must not be linked to any user accounts, and Mr H had the option to cancel his new device contract if the previous device failed their grading checks.

In October 2025, our Investigator issued their view and recommended that Mr H's complaint should not be upheld. In summary the Investigator considered Mr H hadn't followed the correct steps to ensure his previous device was logged out of all accounts.

Mr H didn't accept the Investigator's view and sent in a submission reenforcing his position. However, as the Investigator's view remained unchanged Mr H asked that his complaint be referred to an ombudsman for a final 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.

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In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Mr H made a lengthy submission following the Investigator's view, I've considered all of what it has said, however if I don't comment on every point made, it's not because I've haven't considered it, I have. It's because I don't think I need to do so in order to reach what I consider to be a fair and reasonable outcome.

Mr H complains about a fixed sum loan agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr H's complaint about O2.

Mr H's main concern is that he is paying for two mobile devices, as a result of O2 refusing to accept the return of his existing device. Mr H said the financial consequences would potentially exceed £2,000.

O2 switch-up is the service that Mr H was attempting to benefit from, when he returned his existing phone to them following his entering into a contract for a new mobile device. The terms of the service says that the existing contract would be settled and a new plan will be taken out for a new device. This is what I believe Mr H was looking to do.

However, the terms also say: *"Before sending your device to the requested address, you must first log out from and remove any personal accounts from the device"*

They go on to say:

"If your request [for switch-up] is refused, we will return the device to you at the address associated with your account and you will only be able to move to a new plan through our standard upgrade options, which may come with additional early repayment charges".

And:

"If your existing device does not meet the criteria, whether at the initial grading stage or the condition has subsequently changed once it is received by us, we will not close your existing contract and will not be eligible to continue with the O2 Switch-Up process".

The terms offer two options for devices which do not meet the criteria. To either terminate the new contract (if within the 14 day cancellation period) or to continue with the transaction.

Both parties agree that the device was sent to O2 whilst it was still logged in to a personal account.

The credit agreement Mr H entered into for the new device was dated 29 January 2025. In the terms of the agreement under the section "Right of Withdrawal" it says

"You have the right to withdraw from the Credit Agreement, without giving any reason, before the end of 14 days beginning with the day after the day on which this Credit Agreement is made."

Mr H shared an email he received from O2 dated 30 January 2025, confirming his use of the switch-up service and advising that he sends the phone to them within 14 days. It also

provided signposting for guidance on how their device grading works, on how to ensure an existing device was ready to be sent to them, and how to log out of existing accounts.

In an email to the Investigator dated 6 November 2025, Mr H said he returned the device on 16 February 2025. This was beyond the 14 days advised by O2 and beyond the 14-day withdrawal period from when the agreement was taken out.

I've considered that given Mr H sent his existing device to O2 more than two weeks after entering the agreement, it was unlikely he'd be able to withdraw from the new agreement within that time frame. So, I don't think it's reasonable to conclude that any delays from O2 prevented Mr H from utilising the cancellation period for his new device.

I think the terms of the switch-up service are reasonably clear that the device being returned should meet their grading criteria, and I'm satisfied that the consequences of a device not meeting the criteria was also made reasonably clear.

I recognise Mr H believes the terms to be unfair or that O2's actions led to this outcome, however, I'm not persuaded O2 are obliged to vary their terms to suit Mr H's situation.

My final decision

My final decision is that I don't uphold Mr H's complaint about Telefonica UK Limited trading as O2.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 January 2026.

Benjamin John
Ombudsman