

## The complaint

Mr H complains Telefonica UK Limited (trading as O2) failed to remove a restriction on his account which resulted in an application for a fixed sum loan agreement being declined.

## What happened

The parties are familiar with the background details of this complaint – so, I'll only briefly summarise them here. It reflects my role of resolving disputes quickly with minimum formality.

In July 2024, Mr H made O2 aware that he was subject to a debt relief order (DRO). As a result, O2 wrote off some debt and informed Mr H they'd placed a restriction on his account, saying they wouldn't agree to lend him any more money until at least July 2025.

Between July 2024 and June 2025 Mr H attempted to upgrade his phone several times. These all failed due to the restriction on his account. Mr H also complained to O2 during this period about network and billing issues. O2 says that between February and August 2025 they have provided Mr H with around £600 in goodwill gesture credits.

In June 2025, Mr H notified O2 that his DRO had been completed successfully, and he asked O2 to remove the restriction. Mr H then attempted to upgrade his phone. To help him cover the cost of the new phone, it's my understanding Mr H asked O2 to lend him some money via a new fixed sum loan agreement. O2 declined the application, so Mr H complained to O2 about this. O2 responded to Mr H's complaint by saying they'd remove the restriction.

In July 2025, Mr H submitted a new application to O2 to upgrade his phone, but O2 declined this application too. So, Mr H raised a new complaint about this. O2 issued their final response in August 2025. O2 said the application had been declined because the restriction hadn't been removed from his account. But they'd now removed all restrictions, saying Mr H should be able to, '*add additional lines and upgrade your existing number as normal*'. However, O2 recommended Mr H wait for between 30 and 90 days before submitting a new application.

As Mr H was unhappy with O2's response, he asked the Financial Ombudsman to consider the matter, saying O2 had failed to take account of the distress and inconvenience their failings had caused him to suffer.

Our Investigator thought O2 ought reasonably to have removed the restriction from Mr H's account sooner than they did. And because O2 hadn't done so, the Investigator considered this directly led to O2 declining the phone upgrade application Mr H had made in July 2025, which in turn had caused Mr H to suffer distress and inconvenience. To put things right, the Investigator recommended O2 pay £50 to Mr H.

O2 responded to the Investigator's findings by saying they accepted the proposed resolution. Mr H didn't accept, saying he didn't think, "*£50 fairly reflects the seriousness, duration, and repeated nature of O2's failings*". So, this complaint has come to me to make 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.

I can consider this complaint because the issues Mr H is complaining about relate to the application for a regulated credit agreement.

Mr H has made several detailed points in his complaint including in the submissions he's made since the Investigator issued their findings. But in my decision, I don't intend to refer to everything or address every point made. I mean no discourtesy by this, instead I will focus on what I see as being the key outstanding points following the Investigator's outcome, and the reasons for making my decision. I've also only considered the issues Mr H raised prior to O2 issuing their final response in August 2025 because the events proceeding this relate to what O2 has had the chance to formally consider. If Mr H is unhappy with events after the final response was issued, he'd need to take this up with O2 in the first instance.

O2 has said the reason they declined the applications Mr H made to upgrade his phone prior to August 2025 was because the restriction (resulting from the 2024 DRO) remained active on Mr H's account. However, I note O2 still provided Mr H with a gesture of goodwill payment following the failed March 2025 application.

It seems Mr H provided evidence to O2 in June 2025 to show the DRO had been successfully completed. So, I think O2 ought reasonably to have removed the restriction soon after they received this information. It seems both Mr H and O2 agree with this. So, what I need to decide here is if the £50 payment the Investigator recommended O2 pays to Mr H for the delay in them removing the restriction comprises of fair redress for the distress and inconvenience Mr H says he then suffered because of this delay.

O2 says they removed all restrictions from Mr H's account in August 2025 following his July 2025 complaint. I've not seen anything to show O2 didn't do this. But it means I think there was a delay of around six weeks in O2 removing the restriction. And during this period Mr H submitted a new application to O2. O2 also informed Mr H in August 2025 he could submit a new phone upgrade application, saying they'd assess it in the same way as they'd consider any similar application from any of their other customers.

It's important to note there is no guarantee that any phone upgrade application Mr H makes to O2 will succeed. I say this because it's my understanding approval for a new credit and airtime agreement depends on a variety of factors, including, but not limited to, Mr H passing a credit check and meeting any other qualifying criteria - such as an affordability assessment. I want to make it clear, I haven't considered, as part of this decision, the outcome of any phone upgrade application(s) Mr H may have submitted to O2 since August 2025.

When Mr H made his July 2025 application, I think it was reasonable for him to have believed O2 would have removed the restriction by then. It took time and effort for Mr H to submit that application to O2, and likewise, it will require Mr H to dedicate further time and effort should he wish to submit a new application. I'm also mindful that had the application been successful it would have meant Mr H would have got to enjoy a new phone from that point. However, it's not possible for me to say whether the applications Mr H made before August 2025 would have succeeded or still been declined even had the restriction not been present. It's my understanding that as Mr H had only recently completed the DRO this is why O2 recommended Mr H wait a couple of months before making another application.

Overall, for the reasons I've explained above, I'm satisfied the delay in O2 removing the restriction resulted in Mr H experiencing distress and inconvenience. I've thought carefully about what Mr H has said about the impact this matter has had on him - I appreciate Mr H has strong feelings about what happened. This is understandable in the circumstances. But on balance, I think O2 paying Mr H a distress and inconvenience payment of £50 would comprise of a fair and reasonable resolution to this complaint.

### **My final decision**

My final decision is that I uphold this complaint, and direct Telefonica UK Limited (trading as O2) to the extent it has not done so already, to pay to Mr H £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 March 2026.

Carl Bibby  
**Ombudsman**