

The complaint

Miss T complains about the information given to her by Hutchison 3G UK Limited trading as 3 ('Three'), when she took out a fixed sum loan to pay for a mobile telephone handset.

Throughout her complaint, Miss T has been represented by a family member. But, for ease, I'll just refer to 'Miss T' in this decision.

What happened

Miss T has been a customer of Three for several years. She says she has an arrangement with her daughter, whereby she has authorised borrowing in her name to pay for a mobile telephone handset for her daughter to use. Miss T goes on to say that the Direct Debit to make payments to the loan, have always come from her daughter's own bank account.

In August 2024, Miss T took out a fixed sum loan agreement with Three, to pay for a brand new handset with a cash price of around £1,100. Under the agreement, Miss T was scheduled to make monthly payments of about £48 over a two year period from her own bank account. Sitting alongside the loan, Miss T also took out an airtime services contract with Three. The payments for the airtime contract were set up to come from Miss T's daughter's bank account.

Shortly after the agreement started, Miss T cancelled the Direct Debit that was due to pay for the loan. Her intention was that her daughter would then pick up the repayments herself. But, Miss T says her daughter didn't recognise where the Direct Debit for the loan hadn't been transferred to her bank account. This meant the loan fell into arrears and was eventually passed to a debt recovery agent.

Unhappy with how she'd been treated, Miss T complained to Three. She asked them to take back the loan from the debt recovery agent, allow her to make up the arrears and accept the scheduled loan repayments.

In their final response to Miss T's complaint, Three explained that they had told Miss T that two Direct Debits were required to separately pay for the loan and the airtime costs. They said they had sent correspondence to Miss T to tell her about the issues with the Direct Debit for the loan, but hadn't received a reply.

So, they said the steps they had taken were fair and the missed payment information recorded on Miss T's credit file was accurate. However, Three acknowledged where they may have caused a delay in getting back to Miss T and paid £50 to the airtime services account as a gesture of goodwill. Miss T didn't accept Three's response and brought her complaint to this service.

One of our investigators looked into Miss T's case and found that Three had treated Miss T fairly. She could see where Miss T was told that two Direct Debit payments would be required and where the necessary notices about the arrears were sent to Miss T. Overall, the investigator said the payment of £50 in airtime credit was fair when looking at the delay, but didn't think Three should take back the debt and remove the missed payment.

information.

Miss T didn't agree with the investigator's findings and said she wasn't told about the need for two Direct Debit mandates, or that the account had fallen into arrears. The investigator didn't change her conclusions and Miss T's complaint has now been passed 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'm very aware that I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No courtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here. Namely, did Three treat Miss T fairly when they passed the fixed sum loan agreement to a debt recovery agent?

If there's something I've not mentioned, I haven't ignored it. I've not commented on every individual detail. I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

This case is about a fixed sum loan agreement which Miss T took out with Three. These types of loans are regulated financial products, so we are able to consider complaints about them.

Miss T disputes that she was told two Direct Debits would be needed, when the fixed sum loan and airtime services contract were agreed in August 2024. I've carefully considered the loan paperwork given to Miss T by Three at the time. I can see where Three told Miss T that there was a separate Direct Debit instruction set up for the loan payments, to that of the airtime contract.

Furthermore, Three have provided us with a copy of the wording they give to their sales advisors, when a loan is taken out to pay for a handset. I can see from that information that Three required their advisors to make it clear that customers can expect to have one Direct Debit for the loan and another to pay the monthly airtime costs.

Three have been unable to provide us with a recording of the sales call with Miss T. But, I think the documents sent to her when the loan was opened, and that they require their agents to tell their customers about the Direct Debit instructions adds weight to Three's side of the dispute. So, on balance, I think Miss T was told to expect to make two separate payments to Three every month.

To help me decide if that evidence is sufficient to show where Three have treated Miss T fairly, I've also looked at the notifications sent to her, to warn Miss T about the arrears. After looking at all the correspondence sent through email, text and the post, I can see that Three sent messages to Miss T consistently from September 2024 until the end of January 2025. The information within the messages told Miss T about the arrears and what she needed to do, to avoid the account being placed into default, and ultimately placed with a debt recovery agent.

Although I can see from Three's records that the messages went to the correct email address, telephone number and postal address, I cannot see that Miss T replied, or made the required payments. Against this background, I think Three were able to pass on the missed payment information to credit reference agencies. Additionally, I think Three could

rely on the warning they had given to Miss T about the next steps they would take in relation to the balance of the loan.

I'm aware that Miss T has previously told us that Three have allowed a third party to change her contact details, so that they are now incorrect. Having looked at Three's records, I cannot see where this has happened, or where Miss T has shown us the errors she says were evident on her mobile application. So, I don't think it would be fair to find that Three had allowed an unauthorised third party to make changes on Miss T's account.

Miss T has also said that her daughter made the first payment under the loan agreement to Three, in August or September 2024. To support what she says, Miss T has provided a copy of her monthly bill from Three. Having looked closely at the document Miss T has provided, I agree that the amount she paid is around the same value as the monthly instalment for the loan.

But, I can see from the repayment history of the fixed sum loan, that the first payment wasn't ever made. It also remains that the values don't match and the document sent to us by Miss T, relates heavily to her airtime service contract. Furthermore, the reference used on her account statement isn't what Three told her the reference for the loan would be.

After looking at all the evidence, I don't think Three told Miss T the first loan instalment had been paid on time.

Turning now to the payment made by Three to Miss T's airtime services contract. I agree that Three referred Miss T to the wrong scheme, when she initially complained about her fixed sum loan agreement. I can see where Three corrected themselves soon after. But, in all the circumstances, I think Three's payment of £50 of airtime credit is fair, considering the impact this caused to Miss T. So, I don't think it would be fair to require Three to increase that award.

Finally, I'm aware that since bringing her complaint to us, Miss T has said that Three haven't provided the information she has asked for under a Data Subject Access Request (DSAR). I cannot see that this was brought to Three as part of Miss T's initial complaint. So, Miss T may wish to follow up her concerns about the DSAR with Three, if she remains unhappy. To be clear, I make no finding about Miss T's DSAR in this complaint.

Overall, I'm not persuaded Three gave Miss T incorrect information, when she took out the fixed sum loan agreement. So, I think Three have treated Miss T fairly. It then follows that I think it's fair and reasonable for Three to hold Miss T responsible, for the repayment of the remaining balance due under the fixed sum loan agreement.

I realise that my conclusions mean there will still be an outstanding balance owed by Miss T to Three. Miss T hasn't mentioned that she'll struggle to make those repayments. Indeed, she's told us that her daughter may be able to satisfy the arrears.

But, should that situation arise, I remind Three of their responsibility to treat Miss T's financial circumstances with due consideration and forbearance. This may mean looking at Miss T's income and expenditure details to talk about the options they are able to offer, if she's unable to maintain the scheduled repayments.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or

reject my decision before 28 January 2026.

**Sam Wedderburn
Ombudsman**