

The complaint

Miss G complains that EE Limited treated her unfairly in relation to a fixed sum loan agreement for a mobile phone device. She argues that she was given inaccurate information by EE which led to the full outstanding balance being due.

What happened

In March 2024 Miss G entered a fixed sum loan agreement to purchase a mobile phone. The cash price of the device was £1,246.33 and the term was 36 months. The loan agreement didn't attract interest and so the monthly repayment was £34.63. At the same time Miss G also entered a separate airtime contract which had a minimum term of 24 months.

In January 2025 Miss G spoke to EE asking if she could exit the airtime contract and maintain the fixed sum loan repayments. She was told during a phone conversation with EE that this was possible and it was again confirmed in a follow up call. However, this was inaccurate based on the terms and conditions of the contract. The terms said that as a result of cancelling the airtime contract within the minimum term, the total outstanding balance due under the fixed sum loan agreement became payable.

Miss G complained and said she wanted an affordable repayment plan to be set up to clear the balance. And her credit file amended, as EE subsequently recorded adverse information when Miss G didn't pay the full balance for the device.

EE considered Miss G's complaint. It agreed that it misled Miss G in both phone calls. However, it argued, as per its terms and conditions, the full amount is payable and that it was not possible to continue the repayments under the fixed sum loan agreement without an airtime contract. It also said that it informed Miss G of this when she received her "Porting Authorisation Code" ("PAC") in a follow up text message. It offered to pay Miss G £75 compensation, but said the full amount owed under the fixed sum loan agreement remains payable.

Unhappy with EE's response, Miss G referred her complaint to this service. One of our investigators considered the complaint and upheld it. They thought that the events in question occurred because of the inaccurate information that EE gave Miss G during the telephone conversations. Had this not occurred, Miss G would most likely have continued with her existing airtime contract and fixed sum loan agreement. As Miss G had now switched to a new airtime provider, they thought it wasn't practical to reinstate both agreements (to allow the monthly repayments for the device to continue).

So, the investigator asked EE to set up a repayment plan for the remaining balance without it adversely affecting Miss G's credit file. EE said it was unable to do this without reporting adverse information. So, because EE couldn't find an alternative solution, the investigator recommended the entire balance be written off.

Although it didn't provide reasons in response, EE disagreed with the investigator's assessment. So, the complaint has been passed to me to consider.

I issued a provisional decision setting out why I was intending to uphold the complaint. In my provisional decision I said:

Firstly, I've reviewed the terms and conditions of the contract. I agree that in the event the airtime contract is cancelled within the minimum term, the full balance of the outstanding finance agreement for the device becomes payable. So, EE has acted in accordance with its terms and conditions by requiring Miss G to pay the full outstanding balance for the device.

However, as explained above, during two phone conversations with EE on 7 January 2025, Miss G was told something different. I've listened to both telephone conversations. In the first call Miss G was clearly told she could exit the airtime agreement and maintain her monthly payments under the fixed sum loan agreement for the device. During the follow up call later the same day, Miss G outlines that she was told this and the adviser agrees with her that this is possible. So, on both calls EE misinformed Miss G that she could continue with the device agreement despite moving her airtime contract to another provider. EE has also agreed it misinformed Miss G in this regard.

Typically, where a firm makes a mistake, it won't necessarily be fair and reasonable for a firm to honour that mistake. However, where it was reasonable for a consumer to rely on the incorrect information, we would expect a firm to put right any detriment caused by this (as far as is reasonably practical).

So, I've gone on to consider whether it was reasonable for Miss G to rely on this information. When Miss G telephoned EE for the second time, it was to confirm she'd like to end her airtime agreement. So, I think it's clear she had made up her mind to move airtime providers based on the incorrect information provided in the first call. And I note this incorrect information was confirmed to her in the second call rather than corrected.

As part of ending her airtime contract Miss G needed a PAC code to transfer to the new airtime provider. EE has said this was sent in a text message to Miss G and as part of that text message it said that the full balance for the device was now payable. It's important to note that the airtime contract doesn't end until the PAC code is used. So, I accept that when this text message was sent, Miss G could have continued with both contracts. EE has also said Miss G made no attempt to query the information included in this text message. I asked Miss G why she didn't act differently as a result of this message and she said she was focused on the PAC code which she'd been told to look out for, and that she must've assumed it was an error.

Having reviewed this message, I can see it provides a "FRAUD WARNING" that if she hasn't requested a PAC code, she should call EE immediately. It then goes on to provide the code and gives details about how to use it before explaining that by leaving today "...you'll need to pay £969.37 for your device..."

I've considered if it's reasonable to suggest Miss G should have acted differently as a result of receiving that message, but I'm not persuaded she should have.

I think that Consumer Duty is relevant here – specifically that businesses are required to give consumers the information they need, at the right time, and presented in a way they can understand so they can make informed decisions. And as explained above, at the time Miss G made her decision to switch airtime providers she had been verbally told she could maintain her airtime contract. Miss G has said her aim was to reduce her outgoings and save money. The new provider could offer her an airtime contract which allowed her to achieve this, and it offered to buy her out of her existing airtime contract. Conversely the text message information was sent after she had made her decision to switch provider, albeit I accept it was only shortly after.

It was also an administrative text message that Miss G was expecting. The key purpose of this text message was to provide her with her PAC code, which it did. I accept it did go on to say Miss G will need to pay £969.37 for her device, but I don't think this is sufficient to correct the inaccurate information Miss G had been told when she had directly asked (and made her

decision). And it doesn't expressly tell Miss G she was misinformed previously. I think that given she had started the administrative process to move, at this time it's reasonable that the correct information was sufficiently clear and highlighted with sufficient prominence to draw her attention to it. However, it was included towards the end of a text message and after the primary purpose of that message had already been communicated. By comparison, the fraud warning was capitalised and included at the beginning of the message to draw attention to it. However, there was nothing done to specifically draw Miss G's attention to the device payment.

So, for these reasons, I think it was reasonable for Miss G to rely on the information she'd been told during the telephone conversations.

I asked both parties to provide anything further before I reached a final decision. Neither party has provided a response.

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 done so, I see no reason to depart from the findings reached in my provisional decision, which forms part of this decision. So, it follows that I uphold this complaint and require EE to put things right in the way I've described below.

To summarise:

- I think it was clear, and agreed by both parties, that EE inaccurately told Miss G she could continue with her device loan agreement (paying on the same monthly basis) if she cancelled her airtime plan. In the follow up telephone call EE also failed to correct this information. However, the terms and conditions make it clear that EE doesn't allow customers to continue paying for their device on a monthly basis in these circumstances.
- Miss G relied on the incorrect information given and cancelled her airtime plan. I think it was reasonable for her to do so, based on when I think she made her decision to cancel her airtime plan.
- I also don't think Miss G should have acted differently based on the information contained in the subsequent PAC code text message she received. I think that based on the positioning of this information, the purpose of the text message and given Miss G had already made her decision by this point, it was reasonable for her to continue on the basis of what she was told by EE during the telephone conversation.

So, I don't think it's fair that EE now requires Miss G to pay the full outstanding balance for the device in one payment.

Putting things right

As explained above, the detriment in this case is Miss G has become liable for the full outstanding balance of the device and potentially an early settlement fee. It isn't clear whether additional fees have been charged in relation to this, but if EE has, it should remove them from Miss G's account (as she wouldn't otherwise have incurred them).

I think if Miss G had been given accurate information she would have most likely continued with the airtime contract and fixed sum loan agreement. This isn't practical now given Miss G has switched to a new airtime provider. I'm also mindful that her reason for switching was to reduce her monthly airtime costs which were previously £28 per month with EE. So, I can't see that it's fair and reasonable (or potentially affordable) to require her to repay the full

amount now. I therefore think that setting up a repayment plan for the remaining principal balance of the device with the same monthly payment as her fixed sum loan agreement is fair and reasonable in the circumstances.

I also think that EE should remove any adverse information from Miss E's credit file in relation to the non-payment of her fixed sum loan agreement when the £969.37 became payable. Miss G has also said that her other airtime provider is willing to repay her outstanding airtime balance, but due to this dispute it hasn't been paid. If EE has recorded anything adverse in relation to this it should also be removed from Miss G's credit file.

I appreciate EE has said that its systems won't allow it to set up a repayment plan in relation to the device without recording adverse information on Miss G's credit file. However, I'm not persuaded by this, and so I require EE to find a solution which allows Miss G to repay the principal amount owed under the fixed term loan agreement on a monthly basis. And with repayments costing no more than the monthly repayments under her loan agreement. It also shouldn't record anything adverse on Miss G's credit file providing she meets the terms of the repayment plan.

In addition, EE has paid Miss G £75 compensation to recognise the error it has made. I think this is fair and reasonable compensation for the distress and inconvenience caused by EE's actions, so I don't intend to award anything further.

My final decision

For the reasons explained, I uphold this complaint against EE Limited and require it to put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 12 January 2026.

Claire Lisle
Ombudsman