

The complaint

Mr M complains about how Hutchison 3G UK Limited trading as Three, treated him, when he took out a fixed sum loan to pay for a mobile telephone handset.

For ease, throughout this decision I'll refer to Hutchison 3G UK Limited trading as Three, as 'Three'.

What happened

In March 2025, Mr M took out a fixed sum loan agreement with Three to buy a brand new mobile telephone device with cash price of around £1,100. After paying a deposit, Mr M was scheduled to make monthly repayments of about £30 over a three year period. To sit alongside the loan, Mr M also took out an airtime services contract with Three.

Mr M was a previous customer of Three and had raised historic concerns with them about how they had treated him. Some of these concerns were raised and dealt with shortly before Mr M took out the fixed sum loan. And Three had previously made the decision to decline further applications from Mr M. So, they say the fixed sum loan agreement and airtime services contract agreed in March 2025, was done so in error.

A few days after Mr M had taken out the loan, Three wrote to him to say that they were ending the agreement and the airtime services contract. They told Mr M he could return the handset, or pay for it in one lump sum. Mr M wasn't happy with that and complained. In their final response to Mr M's complaint, Three reiterated their stance and gave Mr M the option to hand back the device. Mr M didn't accept Three's response and brought his complaint to us.

One of our investigators looked into Mr M's complaint, but before he could reach a conclusion, Three changed their approach. They said Mr M could keep the handset and pay for it with the monthly payments under the terms of the loan. They also unlocked the handset, so Mr M could find a different network for his airtime services.

After considering Three's solution, the investigator found that Three had treated Mr M fairly. The investigator agreed that Three had caused confusion by saying they would end the loan agreement. But, he said Three had made their offer in good time and that Mr M didn't appear to have suffered any trouble or worry. The investigator concluded that as Mr M planned to keep the device, it was fair for Three to expect him to pay for it.

Mr M didn't agree with the investigator's findings and said Three had used ending the loan agreement as a threat. Mr M also said that Three hadn't sent him the information he had requested under a Data Subject Access Request (DSAR) and had incorrectly updated his credit file.

The investigator didn't change his conclusions. He said Mr M's concerns about the DSAR and his credit file didn't form part of this complaint, as they were raised separately before the loan was agreed. Mr M didn't accept that and his complaint has now been referred 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.

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

I want to acknowledge where I've summarised the events of the complaint. I don't intend any discourtesy by this and it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality.

But, I want to assure Mr M and Three 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.

Throughout his complaint, Mr M has explained that he remains dissatisfied with the running of the airtime services provided by Three. The airtime contract isn't a regulated financial agreement, so we do not have the power to consider complaints about them. However, I can see that Mr M has approached a different dispute resolution scheme to raise his concerns about the airtime services. So, for clarity, I make no finding about the airtime services contract in this decision.

I can also see that Mr M's concerns about a DSAR and the information recorded about the airtime agreement on his credit file, were raised with Three, before the fixed sum loan was opened. And, this formed part of a separate complaint, that involved legal representatives. I say this as Mr M didn't mention the DSAR or his credit file, when he first contacted us. Instead, his concerns to us were about the potential closing of his fixed sum loan agreement.

With this in mind, I make no finding about the DSAR, or the how things were reported on Mr M's credit file in this decision.

The crux of Mr M's complaint is that Three told him they would end his fixed sum loan agreement and wanted him to pay the balance in one lump sum. Mr M says he could not afford that, and it was unfair of Three to expect him to do so.

From looking at Three's letter to Mr M on 28 March 2025, I can see that they did tell him that the fixed sum loan would be ended. So, I agree that Three gave Mr M the impression that the agreement would be terminated, although Three didn't use that specific term. And that this in itself is likely to have caused Mr M worry.

However, I don't think Three limited Mr M to having to pay the balance in one lump sum. I say this because Three's letter to Mr M, provides an option to return the handset and walk away without further cost. Therefore, I don't think Three treated Mr M unfairly, as Three offered solution if Mr M wasn't able to repay the loan there and then.

I understand where Mr M says he wasn't able to return the handset, as he had gifted it to a third party. But, I don't think I can fairly hold Three responsible for Mr M's choice here. After all, the agreement for the borrowing and supply of the handset was between Mr M and Three, rather than including a third party.

Additionally, I can see where Mr M was already deeply unhappy with the service he had received from Three, as he had raised several concerns with them, going back to early 2024. So, I don't think the impact of receiving Three's letter in March 2025, was as worrying as for a customer who was satisfied with the service they were being given by Three.

That said, I acknowledge where Mr M says Three's letter caused him distress. And my role is to decide if Three have since offered the fairest solution to the problems Mr M faced.

Three's records show where they changed their position on the loan agreement within a month of their letter of 28 March 2025. I can see that Three subsequently offered to accept the repayment schedule under the fixed sum loan agreement. This meant Mr M could continue making the expected payments and retain the handset, until the loan balance is paid off. Furthermore, Three made arrangements for Mr M to use the handset with a different airtime services provider, given his dissatisfaction with the service Three had provided.

On the face of it, Three's suggestion looks to satisfy Mr M's complaint. But, I can also see that Mr M would like the balance of the loan written off and to keep the handset, in light of the confusion he says Three have caused. After carefully considering Mr M's comments, I don't think it would be fair for me to require Three to make that offer. I say this as I've found that Three treated Mr M fairly in their letter of March 2025, and because I think it's reasonable that Mr M pays for the handset he was supplied with and makes use of.

Having considered all the evidence, I think the solution Three have put into place seems the most reasonable, given the circumstances. I'm aware Mr M has very strong thoughts that Three's offer should go a lot further. But, for the reasons I've explained, I think Three have already put fair steps into place to resolve Mr M's complaint.

Overall, I'm not persuaded Three terminated the fixed sum loan agreement. I'm also satisfied that Three have since sought to clear up any confusion with Mr M, by keeping the loan open and accepting the same terms as Mr M agreed to in the first place. So, I think Three have treated Mr M fairly. It then follows that I think it's fair and reasonable for Three to hold Mr M responsible, for the repayment of the remaining balance due under the fixed sum loan agreement.

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 Mr M to accept or reject my decision before 27 January 2026.

Sam Wedderburn
Ombudsman