

The complaint

Mr D has complained about how Telefonica UK Limited trading as O2 (O2) handled his applications for a credit agreement.

What happened

Mr D made an application for credit with O2 for a device. Due to issues with the applications, he made seven application attempts between 6 and 19 June 2025, six of which were cancelled and the final application on 19 June 2025 was accepted, resulting in Mr D entering into a Fixed Sum Loan Agreement with O2 and he was supplied with the device.

Unhappy with the process, Mr D raised a complaint.

O2 provided a response. It apologised for any distress and frustration caused when the first and second orders disappeared, as well as for the time Mr D had taken to try and resolve the issue. It said a request had been made to remove any excess credit searches showing on Mr D's credit file, and that £50 had been credited to his O2 account to make up for any inconvenience he faced. Mr D wasn't satisfied with the response and so he referred his complaint to this service.

Our Investigator looked into the complaint and said there were issues ordering the device from 6 to 19 June 2025. She said O2's offer to remove all excess searches was fair, but didn't think the compensation awarded was enough, given how long Mr D spent contacting O2 to complete the order. She said O2 should pay a further £50 compensation.

Mr D accepted, but O2 did not. O2 said it didn't feel the issue was ongoing for long enough to justify a compensation payment of £100, noting it had already credited Mr D's account with £70, which was made up of the £50 mentioned in the final response letter and £20 to his airtime agreement to assist with an application being accepted. As an agreement could not be reached the complaint has been passed to me to decide.

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.

In considering what's fair and reasonable, I need to have regard to the relevant laws 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.

My summary above and comments below will focus on what I consider to be the key points to this complaint. Whilst I've considered everything in detail, if I don't comment on a particular point, it's because I don't feel that I need to in order to reach a fair answer on this complaint. It's not meant as a discourtesy, but instead it reflects the informal nature of this service.

It doesn't seem to be in dispute here that things went wrong when Mr D applied for a new finance agreement to acquire a device, which resulted in Mr D making seven applications for credit. I say this because O2 has recognised this in its final response letter and has paid a total of £70 in account credits to Mr D's O2 accounts. O2 also removed all excess credit searches from Mr D's credit files, which I consider to be fair. So, I need to decide whether the £70 compensation is a fair way to resolve this complaint, or whether O2 need to do more. In doing so I've thought carefully about the impact the issues had on Mr D.

As a result of the issues with the applications, Mr D made several phone calls and spoke to various advisors over message to try and resolve the issue to no avail, before making a complaint. Mr D was given some reasons for the issues, including a glitch and the order expiring, neither of which appear to be something Mr D contributed to and resulted in Mr D being led to believe that further applications might resolve things only to encounter the same issue on further occasions. But behind the scenes there appear to have been some other issues at play, as O2 has mentioned additional checks and account arrears.

Based on the evidence provided, I'm persuaded that much clearer information could have been provided, so Mr D was more informed about the issue and what could be done to resolve it. Instead it seems that Mr D was told that his orders had disappeared, which was seemingly a known issue at the time, resulting in Mr D spending time making several applications unnecessarily and having to make a lot of contact with O2 to try and resolve the issue.

This understandably caused Mr D frustration and distress over the close to two weeks that the issue went on for and he spent many hours communicating with O2 about the issue. Mr D explained that on one day he spent four hours trying to resolve the issue. I think O2 could have provided Mr D with much clearer information and support, more promptly. This would have resulted in Mr D being better informed, enabling him to pursue his financial objectives, could have minimised the impact on him and resulted in the issue being resolved much sooner.

O2 has paid £70 in compensation to date, as account credit and refunded the two upfront payments Mr D made for the two earlier unsuccessful applications. Considering all that's happened, I don't think this is enough and I think that O2 should pay Mr D an additional £50 compensation, to recognise the impact the issue had on him over a period of close to two weeks. O2 should pay this directly to Mr D.

My final decision

My final decision is that I uphold this complaint and direct Telefonica UK Limited trading as O2 to pay a further £50 compensation to Mr D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 February 2026.

Daniella Roberts
Ombudsman