

## **The complaint**

Miss D complains that after she upgraded her mobile device, Hutchison 3G UK Limited trading as Three (“Three”) continued to charge her for a fixed sum loan used to purchase the old device.

## **What happened**

In April 2024, Miss D used a fixed sum loan provided by Three to purchase an Apple iPhone 15. The total cost was £732 and under the agreement Miss D was required to make 24 monthly repayments of £30.50 to repay it.

On 1 July 2025, Miss D upgraded her mobile device online with Three as the ‘early upgrade fee’ had been reduced to £0. Miss D selected a new iPhone 16. The cost of this device was £720, and this was again funded using a fixed sum loan provided by Three. Under this agreement Miss D was required to make 24 monthly repayments of £30.

The following month Miss D contacted Three after becoming aware it was still taking the monthly repayments under the agreement for her old iPhone 15. Three explained this was because there was still an outstanding balance owed. Miss D said she had never had to pay for two devices before when upgrading, and on this occasion, she was told there was nothing left to pay. Three said that when upgrading the device plan for the iPhone 15 wasn’t ended and it remained owed. Unhappy with this Miss D logged a complaint.

Three issued its final response on 23 September 2025. In this it said that during the upgrade sale, Miss D would’ve been made aware that the existing device loan agreement balance would still be due along with the new agreement. Three therefore didn’t uphold the complaint.

Given this Miss D referred her complaint to the Financial Ombudsman Service. One of our investigators looked into the complaint and advised that the ‘early upgrade fee’ was different to the outstanding balance due on a device loan agreement. They said Three had provided screenshots of the upgrade sales journey that states a customer will still need to continue paying for a device plan agreement until the balance is paid off.

In response Miss D said under ‘device’ Three had said no balance was due, it didn’t give her the option to pay the outstanding amount on the iPhone 15, and she didn’t receive any message during the upgrade process that said the device plan balance would still be due.

As Miss D didn’t agree, 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.

I would like to point out I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point, it’s not

because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

For the avoidance of doubt, my considerations are limited to Three's actions as the provider of regulated credit agreements taken out by Miss D in this case.

Miss D has explained she has upgraded with Three multiple times in the past, and when doing so if there's an outstanding balance due on a device this is detailed. In this case the balance had been reduced to £0, so she continued with the upgrade. Here I agree with the investigator that this reduction to £0 was in relation to the 'early upgrade fee'. And that fee is separate from any amount that may be outstanding under a loan agreement for a previously purchased device. That why its given as a one-off 'fee' and not an outstanding amount.

Three has provided detailed screenshots that show the steps a customer goes through when upgrading. These show that Three explains that even where an upgrade is possible without an 'early upgrade fee', any device plan agreement will still need to be fully paid off. So, I think Three made Miss D reasonably aware that any amount she still owed under her iPhone 15 agreement would still need to be repaid, regardless of the fact she was upgrading and the fee for doing so was being shown as reduced to £0.

Miss D has said Three didn't tell her what balance she still owed for the iPhone 15 when upgrading. As I've said, Three did however say this would need to be fully repaid. Given that the loan for the iPhone 15 was for 24 months and that time period had not elapsed when Miss D completed her upgrade. I think it fair to say she ought to have knew there was an outstanding balance that remained and that could've been checked before she processed with the upgrade.

Miss D Upgrading/replacing her old device doesn't mean that the loan she took out to pay for it will get cancelled. I've seen no evidence to support Three agreed to that and don't feel that would be fair in any event. Miss D purchased the iPhone 15 and therefore any outstanding balance due for it would remain legitimately owed as per the terms and conditions of the loan agreement she took out to pay for it.

I appreciate Miss D strongly feels differently and this decision will come as a disappointment, but I don't agree that she has been misled here.

### **My final decision**

I don't uphold Miss D's complaint against Hutchison 3G UK Limited trading as Three.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 19 February 2026.

Paul Blower  
**Ombudsman**