

The complaint

Mr W has complained about how Telefonica UK Limited trading as O2 (O2) handled his request for help when the phone it supplied developed a fault.

What happened

In December 2023, Mr W entered into a Fixed Sum Loan Agreement with O2, for the supply of a new mobile phone. The amount of credit under the agreement was £1,043.88, £30.00 was paid upfront and the agreement had a term of 24 months.

In early 2025, Mr W started to experience issues with the phone. He was quoted £681.89 for repairs and so he raised his concerns with O2, asking for a free repair, replacement or contribution towards the repair cost. In response O2 explained that the one year warranty had expired and therefore it was unable to uphold the complaint. Mr W decided to refer his complaint to the Financial Ombudsman.

One of our Investigators let Mr W know that O2 offered £50 in account credit for the inconvenience caused. Mr W declined and so one of our Investigators considered the complaint. She said that it wasn't in dispute that the phone was faulty and noted that the evidence provided didn't suggest the fault was caused by damage to the phone. She said she didn't think the manufacturer's comments regarding the battery was enough to say the claim should fail and said that the warranty length doesn't override expectations set out in the Consumer Rights Act 2015 (CRA). Overall, she said she wasn't persuaded the phone was durable and said that O2 should provide a replacement phone and refund all device payments Mr W paid since April 2025.

Mr W accepted, but O2 did not. O2 explained that there was no evidence to suggest the phone was faulty when it supplied it and said that as the issues were reported more than six months after supply, the onus was on Mr W to prove the faults were present upon supply. It said the condition the device was kept in was unknown, including whether the battery was genuine, noting that this would impact the durability and overall function of the device. It also said that the CRA didn't give a timeframe in which goods could be determined not to be durable.

As an agreement couldn't be reached, the complaint was passed to me to decide. I issued a provisional decision because I reached a different outcome to our Investigator. In that I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. O2 is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

I've thought about the other applicable laws, which includes the CRA. This says that under a contract to supply goods, there is an implied term that "the quality of the

goods is satisfactory". The quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. Fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

It's not in dispute that the phone developed faults. This has been confirmed by two inspections of the phone that each confirm repair is required. So I've gone onto think about whether the phone was of satisfactory quality when it was supplied.

Mr W explained that the manufacturer confirmed the fault was not caused by misuse or accidental damage on his part. He also said he feels the phone should last for the term of his contract and that he felt it wasn't of satisfactory quality, fit for purpose or lasted a reasonable amount of time, given its premium nature. O2 has said that it doesn't know what the cause of the fault was, nor the condition the phone was kept in for the 15 months prior to Mr W experiencing issues.

The manufacturer carried out an inspection in March 2025. The report provided confirms that the phone would shut down and restart randomly. A diagnostic found that the MRI wireless charging and system stability failed. It gave a proposed resolution that the rear system should be replaced and advised Mr W to contact the original seller. O2 has provided further information from the manufacturer inspection which lists various tests that were carried out on the phone, only one of which didn't pass. The battery test had a warning and said 'Unable to verify that this device has a genuine Apple battery. Health information is not available...'

Shortly after the phone was seen by an O2 service centre for an assessment. O2 has provided various screenshots regarding the assessment. This shows that the repair quote of £681.89 was declined by Mr W and the phone was returned to him unrepai red.

The CRA sets out that goods which do not conform to the contract at any time within the period of six months beginning with the day on which the goods were delivered to the consumer must be taken not to have conformed to it on that day unless it's established the goods did conform to the contract on that day or that the application is incompatible with the nature of the goods or with how they fail to conform to the contract.

In my opinion, neither report confirms the cause of the faults Mr W experienced. Given the length of time Mr W had use of the phone, seemingly fault free, I'd need to see persuasive evidence that the phone was faulty when O2 supplied it to him, for example that it had a manufacturing defect that caused the fault, to reasonably find that it was of unsatisfactory quality and therefore that O2 was liable for the issues. I've not seen any evidence to confirm this, and so, having taken all of the circumstances into consideration, including the cost of the phone and length of time Mr W was in possession of the phone, I'm not persuaded O2 had sufficient evidence to show that the phone was of unsatisfactory quality at the time of supply. And had the phone had a manufacturing defect from the time of supply, I think it's more likely than not that the issues would've presented themselves much sooner, or that the reports would've highlighted this.

I note Mr W's point that the phone should be durable for the full contract term, and I can fully appreciate his disappointment as he has been unable to use the phone for some time. However, there's nothing here to confirm that a defect present on supply of the phone prevented the phone from being used for the full contract term, or that

the goods must last as long as the associated credit agreement. Had that been the case, I think the inspection reports would've highlighted this, or at the very least made it clear that Mr W did not cause or contribute to the issues, but instead they were both silent on the cause of the fault. As such I'm not persuaded O2 had sufficient evidence that the phone wasn't durable, given there are a variety of factors that could've caused the issue.

I also thought about whether O2 ought to have done more, however having considered everything, I'm satisfied that it provided appropriate support to Mr W. I say this because O2 would typically be liable for any faults that came about within the first six months of supply, unless it could prove the issues were not present at the time of supply, in line with its obligations under the CRA. Despite the issues being reported 15 months after O2 supplied the phone, it carried out its own inspection and considered the results of the inspection report that Mr W provided. O2 considered this evidence and declined to assist further when the reports didn't confirm the issues were present when it supplied the phone. And I don't think the fact that the reports don't state that Mr W caused or contributed to the issue is enough for O2 to be held liable for the fault that developed 15 months after supply.

Once the second report was produced, O2 quickly considered this, before explaining to Mr W why it was unable to help further. So I think it dealt with the matter quickly.

Overall, I don't find that O2 had enough information to determine the phone wasn't of satisfactory quality. and so I can't fairly ask it to do anything more. O2 has already made an offer to credit Mr W's account with £50 to settle the complaint, which it confirmed is still available for Mr W to accept. Should Mr W now want to accept this offer, he should contact O2 directly about it, or let our Investigator know and she can inform O2.

I appreciate that Mr W feels strongly about this case and feels that O2 supplied him with a faulty phone that should last the duration of his contract, but for the reasons given above I'm not intending to uphold his complaint."

In response, Mr W disagreed, explaining that he felt an unfair burden of proof was placed on him, that the reports being silent on the cause of the issue suggested that the issue was with the phone itself and that he didn't think the phone was durable.

As the deadline for a response has now passed, the complaint has been passed back 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've considered Mr W's response to my provisional decision but I've not seen anything to cause me to depart from the conclusions or add to what I've already said in that.

It follows then my final decision is the same as my provisional decision above.

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 W to accept or

reject my decision before 3 February 2026.

Daniella Roberts
Ombudsman