

The complaint

Mr G is unhappy with how Vodafone Limited (Vodafone) is reporting three fixed sum loan agreements on his credit file.

What happened

Mr G's complaint relates to three separate fixed sum loan agreements ("device plans") provided by Vodafone, which financed the supply of three devices:

- The first device plan (Plan 1) was taken out in July 2023. The order was cancelled after security checks – Vodafone resolved this by placing a new order and paying some compensation. Mr G says he asked to return the device in August 2023, but Vodafone says it received an empty box at its warehouse. Vodafone agreed to cancel the device plan as a gesture of goodwill in September 2023 and it was recorded as settled on Mr G's credit report.
- The second and third device plans (Plan 2 and 3) were taken out in December 2023 to pay for a phone and a watch. Mr G says he asked to return the devices within 14 days, but Vodafone says they weren't received back at their warehouse until February 2024. Vodafone processed the devices and closed both device plans as settled from March 2024.

Mr G complained to Vodafone in 2025 as he says he looked at his credit report and saw the three device plans were showing as settled agreements. He says he expected all three to have been cancelled and removed from his credit report after he exercised his right of withdrawal under Section 66A of the Consumer Credit Act 1974 (S66A). Mr G added that he'd suffered reputational harm, distress and inconvenience chasing Vodafone to get the loans removed, and requested compensation to reflect this.

Vodafone didn't uphold the complaint. It said the device for Plan 1 was never received at the warehouse, and the proof of postage Mr G provided wasn't enough to show he sent the phone back. However, it had decided to go ahead with cancelling the agreement as a goodwill gesture. But as the device hadn't been returned, it was fair to record the agreement as settled rather than cancelling it altogether.

Vodafone also said it was fair to report Plans 2 and 3 as settled as Mr G hadn't returned the two devices within 30 days of asking to withdraw from the contracts. And it had reason to believe one device was still in use after the date Mr G said he'd returned it. It therefore said it was fair to report both agreements as settled on Mr G's credit file.

Our Investigator didn't think Vodafone had treated Mr G unfairly. He said he didn't think Mr G had withdrawn from any of the plans in line with S66A - Plan 1 was closed as a goodwill gesture, and Plans 2 and 3 were settled after receiving the devices late. Mr G didn't agree, saying the Investigator hadn't interpreted S66A correctly or considered the regulator's rules about accurate and non-misleading credit reporting. He also said our service had previously set a precedent for removing entries where customers hadn't received the benefit of the product.

As Mr G didn't accept, the complaint has now been passed to me for 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.

Having done so, I agree with the outcome reached by the Investigator – and I'll explain why.

Mr G has made several detailed points in his complaint. I've considered everything he's said and all the information on the file. But in my decision, I don't intend to refer to everything or address every point made. I mean no discourtesy by this, instead I will focus on what I see as being the key outstanding points following the Investigator's outcome, and the reasons for making my decision.

The relevant regulations and terms

The three device plans in dispute were all regulated consumer credit agreements, so our service can consider a complaint about them.

Mr G has referred to his right of withdrawal under S66A. For context, S66A sets out a consumer's rights to withdraw from a consumer credit agreement:

“(1) The debtor under a regulated consumer credit agreement, other than an excluded agreement, may withdraw from the agreement, without giving any reason, in accordance with this section.

(2) To withdraw from an agreement under this section the debtor must give oral or written notice of the withdrawal to the creditor before the end of the period of 14 days beginning with the day after the relevant day.

...

(7) Subject as follows, where the debtor withdraws from a regulated consumer credit agreement under this section—

(a) the agreement shall be treated as if it had never been entered into, and

(b) where an ancillary service relating to the agreement is or is to be provided by the creditor, or by a third party on the basis of an agreement between the third party and the creditor, the ancillary service contract shall be treated as if it had never been entered into.

...

(9) Where the debtor withdraws from an agreement under this section—

(a) the debtor must repay to the creditor any credit provided and the interest accrued on it (at the rate provided for under the agreement), but

(b) the debtor is not liable to pay to the creditor any compensation, fees or charges except any non-returnable charges paid by the creditor to a public administrative body.

(10) An amount payable under subsection (9) must be paid without undue delay and no later than the end of the period of 30 days beginning with the day after the day on

which the notice of withdrawal was given (and if not paid by the end of that period may be recovered by the creditor as a debt)."

This is relevant, as Mr G argues he withdrew from all three loan agreements within 14 days of the day the agreement was made, and so Vodafone should be treating the agreements as if they had never been entered into.

It's important to clarify that the right of withdrawal only applies to a consumer credit agreement – but Mr G entered into linked contracts for Vodafone to supply him with the devices. When a customer withdraws from a credit agreement under S66A, the regulations say they need to repay the credit. That's not what Mr G wanted to do – he wanted to cancel the purchases. I note the terms in the credit agreements with Vodafone allow Mr G to instead return the devices it supplied to him:

"If you do not want to keep the Equipment and want to return it to us, you can do so provided that you are within the cancellation period under the Equipment terms in your Airtime Plan. You will also need to exercise your right to cancel your order under the Equipment terms in your Airtime plan, take reasonable care of the Equipment and return it in accordance with our Returns Policy."

Vodafone's Returns policy is available on its website and says: *"Please make sure to send the item(s) within 14 days, or your return order will be cancelled, and your contract will continue with the current agreement, service and billing."*

I therefore think it's reasonable for Vodafone to expect Mr G to have either repaid the money it lent for the devices or to have returned the devices themselves as part of his right to withdraw from and cancel the credit agreements. And I think it was reasonable for Vodafone to expect Mr G to return the devices within 14 days as set out in the returns policy.

How this applies to the disputed agreements

Vodafone says it never received the device for Plan 1 back at its warehouse, despite Mr G providing a postage receipt. It says the weight recorded on the receipt was more than the weight of the phone, so it doesn't think this shows the parcel contained the phone. However, it agreed to cancel the agreement as a goodwill gesture and recorded it as settled.

As Vodafone didn't receive the goods back and the evidence showing Mr G sent them back is incomplete, Vodafone may have decided to hold Mr G liable for the agreement. But after investigating, Vodafone instead agreed to mark the agreement as settled. Overall, I would have liked to have been more certain the agreement had been cancelled in line with the relevant terms, as I've set out above. So, I think Vodafone's decision to mark it as settled seems like a fair compromise, as quite a long time has passed, meaning it's hard to reach firm conclusions on what happened. I therefore don't find I have the grounds to direct Vodafone to do more.

For the devices supplied with Plans 2 and 3, Mr G asked to withdraw from the agreements in December 2023, but Vodafone didn't receive the devices back within the 14 days set out in its returns policy. So, I think it would have been fair for Vodafone to hold Mr G liable for the credit agreements rather than withdraw or cancel them. Instead, Vodafone opted to process the returned handsets once it received them and didn't ask Mr G to pay anything further towards the credit agreements.

Given the circumstances surrounding the return of the goods to Vodafone, I think it can fairly report the agreements as settled and doesn't need to treat them as withdrawn or cancelled. I appreciate Mr G says he didn't benefit from the goods as he returned them, but as the

available evidence doesn't support that he did so in line with the terms, I think it's fair for Vodafone to show the agreements existed, but Mr G has nothing more to pay towards them.

Other considerations

As all three device plans were taken out by phone, I've also thought about Mr G's rights to cancel the contract in line with the Consumer Contracts Regulations 2013. But I've noted these regulations also gave Mr G the right to cancel the contracts within 14 days, with the expectation that he returned the goods purchased within 14 days of cancellation. I've explained there isn't enough evidence to support Mr G did this for the three devices, so I don't think cancelling under these regulations would result in a more positive outcome for Mr G's complaint.

I've considered the situation with all three agreements holistically, and I think Vodafone is treating Mr G fairly by showing the agreements as settled, rather than removing them entirely from his credit file. I'm also not persuaded Vodafone is causing Mr G a significant impact by reporting the agreements in this way. Therefore, as I don't think Vodafone has made an error here, I won't be asking it to remove the loan agreements from Mr G's credit report.

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 G to accept or reject my decision before 27 February 2026.

Hannah Dunkley
Ombudsman