

The complaint

Mr T complains about a fixed sum loan agreement in his name with EE Limited, that was used to buy a brand new mobile telephone device.

What happened

In July 2023, Mr T entered a contract with EE for the supply of airtime services. Around a year later, Mr T's account was used to take out two fixed sum loan agreements, that I'll call Loan One and Loan Two. Each loan was used to pay for two separate mobile telephone handsets.

However, Mr T says he didn't authorise the loan applications and was overseas when they were completed. Mr T also says the handsets were delivered to an address he had moved out of in 2022, although he acknowledged that his family members still lived there. Because he says he didn't apply for the borrowing, Mr T complained to EE.

In their final response to Mr T's complaint, EE accepted that a third party had used Mr T's account to take out Loan One and Loan Two. They said their process for Loan One hadn't fully completed, despite the handset being delivered. So, Mr T didn't have to make any payments towards it and EE didn't ask for the return of the device. But, EE said Mr T was still responsible for the airtime services contracts active on his account. Mr T didn't accept EE's response and brought his complaint to this service.

One of our investigators looked into Mr T's complaint and found that EE should do more to put things right. Despite asking, EE didn't provide evidence of the details used in the application, or any information about the delivery. This meant the investigator had to rely on the evidence we had.

Overall, the investigator was persuaded that Mr T didn't authorise either loan, as the contact details and delivery address were not those of Mr T. So, the investigator said EE should allow Mr T to exit the agreement for Loan Two, and remove any information associated with it, from his credit file. The investigator also said EE should do likewise for Loan One, if they hadn't already.

Mr T accepted the investigator's findings, but EE didn't reply. So, Mr T's case has now been passed 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.

Firstly, I'd like to explain that where the evidence is incomplete or inconclusive, I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The crux of Mr T's complaint is that EE have asked him to pay off a debt in relation to a

regulated fixed sum loan agreement. So, I've gone on to think about the evidence submitted by all the parties.

Mr T's account with EE was used to apply for two regulated fixed sum loan agreements. Our service is able to deal with complaints relating to these sorts of agreements. From what I can see, EE was the supplier of the devices as well as the creditor.

There are a few possibilities that might give EE a proper basis for pursuing Mr T for the debt owed under the fixed sum loan agreement: Namely:

- Mr T applied for the loan agreement himself; or
- A third party applied for the loan on Mr T's behalf, with his actual or apparent authority.

To help me consider both possibilities, I've looked at the lead up to the application for the fixed loan agreements and what happened afterwards.

Mr T has explained to us that he suspects the applications were completed by a family member that lives at his former address. He says he no longer has contact with that family member, but they are aware of some of his personal details, similar to those used to access his account with EE.

Additionally, Mr T has provided evidence to us, which shows it was likely he was overseas when the applications were made. I accept where EE say this doesn't prove Mr T didn't authorise the applications, but I think it helps to add context to the circumstances. Aside from Mr T's whereabouts at the time of the applications, I can also see where he raised his concerns with EE very shortly after arriving back in the UK. And I'm aware that Mr T already had a device, that EE gave to him, when he took out an airtime services contract in 2023.

Having thought about what Mr T has said, I don't think it was unusual for a close family member to have known some of the details needed to access Mr T's account with EE. I say this after considering the nature of their previous relationship and where they lived in the same house. However, I don't think it follows that this means Mr T gave his authority to that third party to start the applications for finance.

I also need to keep in mind where EE have explained a third party changed the contact details of the account. This meant the handsets and security codes used in the delivery went to the third party, instead of Mr T. I think this supports Mr T's view that he wasn't aware of the loans taken out in his name, until he noticed his monthly Direct Debit amount had increased.

To try and look more closely at the supply of the handsets, we asked EE for the application details and what information was required. We also asked EE for their delivery records and for the details kept by their courier. EE have explained that the application for Loan Two was initially declined due to some concerns raised. But, they said it was authorised just a few days later. Furthermore, EE chose not to provide us with evidence of the information collected in the application, or the delivery records.

Nonetheless, I can see from EE's final response letter where they accepted it was likely a third party applied for Loan One. And they agreed to remove Mr T from any responsibility for the repayment of that loan, despite delivering the associated handset to the third party's address.

So, it appears that EE have written off the cost of that handset. I think this adds weight to

Mr T's argument that he didn't authorise the application for either loan.

I'm aware that Mr T hasn't contacted the police, or the national reporting agency for fraud and cybercrime. While I acknowledge that may have strengthened his side of the dispute, I'm also aware that EE haven't shown where they asked him to do so.

I think Mr T has been credible and consistent throughout his complaint with EE and our service. On balance, I don't think the documents EE shared with us, are persuasive to show where Mr T was aware of the applications for either loan, prior to his return to the UK. I think EE's approach to cancelling Loan One is significant, alongside their acceptance that a third party had started the applications and had taken delivery of the handsets.

Overall, I don't think Mr T applied for the loans himself. I also don't think the evidence shows that Mr T had given his actual or apparent authority for a third party to take out the loans for the handsets. On balance, I'm persuaded that a third party acted on their own, and that Mr T wasn't aware until he contacted EE on his return from overseas travel. In all the circumstances, I don't think it's reasonable for EE to hold Mr T responsible for the outstanding balance of the fixed sum loans.

It follows that I think it's fair for EE to allow Mr T to exit the loan agreements for the handsets at no extra cost. This means EE should end their pursuit of Mr T for any further payment for those handsets. I'm aware EE say they have already done this for Loan One. But, like the investigator, I think EE should check that this has been put into place.

I've not seen where EE may have recorded adverse information on Mr T's credit file for any missed payments, or the fixed sum loan agreements themselves. But, I'm aware that Mr T is worried about that. In light of my findings that I don't think Mr T authorised the applications for borrowing, I think it's fair for EE to take further steps here. So, I think EE should remove any information they may have passed on to credit reference agencies, about the fixed sum loan agreements for Loan One and Loan Two.

Within their correspondence with us, EE have suggested that they should prevent the handsets at the heart of this case from being used. They say they could 'blacklist' the devices. I think EE's suggestion is reasonable, given the conclusions I've reached and I think this fairly resolves Mr T's complaint.

I'm also aware that Mr T says he'd like the part of his airtime services contract, related to the two handsets to be cancelled. Our investigator has explained that the airtime services contract isn't a regulated financial agreement. So, we are unable to consider its performance, or how that service is provided by EE. However, Mr T may have an option to approach a different dispute resolution scheme, if he remains unhappy with his airtime services contract.

Putting things right

For these reasons, EE Limited should:

1. Allow Mr T to exit the fixed sum loan agreements for Loan One and Loan Two, and cancel them, at no additional cost to him;
2. Remove any information about Loan One and Loan Two, from the details held with credit reference agencies in connection to Mr T; and
3. Prevent or 'blacklist' the devices financed by Loan One and Loan Two from being used.

My final decision

My final decision is that I uphold Mr T's complaint and require EE Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 27 March 2026.

Sam Wedderburn
Ombudsman