

The complaint

Mr W complains about a fixed sum loan agreement taken out in his name with Hutchison 3G UK Limited trading as Three, that was used to buy a brand new mobile telephone device.

What happened

In July 2024, Mr W's account with Three was accessed online and used to take out a fixed sum loan agreement to pay for a brand new mobile telephone handset. The account was also used to enter a new airtime services contract in Mr W's name.

Around six months later, each contract had fallen into arrears, which prompted Three to write to Mr W. After receiving the letter, Mr W says he first discovered the loan and that the contact details had been changed on his account by a third party. Mr W also says he realised that a close family member was responsible, and had taken out the loan and the airtime agreement without his authorisation.

To try and put things right, Mr W agreed to make payments to bring the loan and the airtime services contract up to date. But, Three only updated the airtime contract, leaving the loan agreement to fall further into arrears. Mr W says he realised Three had made an error in August 2025, and agreed to pay around £650 to repay the outstanding balance of the loan. He says he did this on the understanding that Three would also remove any missed payment information from his credit file.

However, a few months later Mr W says Three still hadn't removed the adverse information and that this caused him problems obtaining credit from other lenders. So, Mr W complained to Three.

In their final response to Mr W's complaint, Three told Mr W that his concerns about the authorisation of the loan and airtime contract were a civil matter, between him and his family member. But, Three accepted they had made an error when Mr W had called to sort things out.

So, Three said they would make sure the missed payment information was removed from his credit file. Three also paid a total of £300 to Mr W's bank account, for the distress and inconvenience he had experienced. Mr W didn't accept Three's response and brought his complaint to this service.

Before one of our investigators could reach a finding on Mr W's case, Three wrote to us and offered to pay Mr W a further £100 for the distress they had caused. The investigator considered this and found that Three's total offer was fair after all that had happened.

Mr W didn't agree with the investigator's conclusions and said it caused him financial difficulty to repay the balance of the loan agreement. He also said Three's error had severe emotional consequences for himself and his family, as well as problems with taking out further credit. So, Mr W said Three should increase the level of the payment they had offered.

The investigator didn't change his conclusions and Mr W's complaint 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.

The crux of Mr W's complaint is that Three have asked him to pay off a debt in relation to a regulated fixed sum loan agreement. Our service is able to deal with complaints relating to these sorts of agreements. From what I can see, Three was the supplier of the device as well as the creditor.

On the one hand, Mr W says he didn't authorise the borrowing taken out in his name by a close family member. But, on the other hand, Mr W acknowledges that the account with Three was set up for that family member to use and access online.

Furthermore, Mr W seems to have accepted that either he or his family member, are responsible for the outstanding balance of the fixed sum loan agreement. So much so, that Mr W tried to sort things out with Three by agreeing to a repayment plan in March 2025. And, after Three's mistake, he repaid the remaining debt owed under the loan in August 2025.

I do of course acknowledge Mr W's reluctance to report his family member to the police, or cause that person more distress than they have already suffered. I also accept that this may have been the main driver for Mr W taking on the debit himself.

But, on balance, I think there's a level of acceptance from Mr W that he gave his apparent authority for his family member to start the loan on his behalf. With that in mind, it's now for me to look into Three's mistake with the repayment plan and to consider if the steps they took to correct things were fair.

I can see from Three's records that they accept they didn't follow through with their promise to Mr W, to set up a repayment plan for the fixed sum loan agreement. The records show this was supposed to happen in March 2025. Instead, Three set up a plan for the airtime services contract only. Three's error caused further arrears to accrue on Mr W's loan and in turn, I agree this likely added to the distress Mr W experienced.

Three have since removed the adverse information recorded on Mr W's credit file from March 2025 onwards. I accept Three didn't do this until November 2025, which means Mr W experienced worry and upset in the intervening months.

I agree with Mr W, in that the level of distress he experienced means it's fair for Three to make a payment to him, to reflect the trouble he was put to. However, I also need to keep in mind the arrears built up on the loan before March 2025. These missed payments were as a result of Mr W's family member cancelling the Direct Debit due to the loan.

I've found that I think it's likely Mr W gave his apparent authority for the loan to start. It then follows that I think it's fair for the missed payment information recorded by Three before March 2025 to remain on Mr W's credit file. This also means prospective lenders to Mr W, would have had access to some of the missed payment information, when processing an application. So, I don't think Three were the cause of all the trouble Mr W has told us about.

Mr W has told us that although he paid a lump sum of around £650 in August 2025 to clear the balance of the loan, this caused significant strain on his household budget. As well as

the emotional distress of trying to settle the matter for all concerned. I agree with Mr W's remarks and I can see where finding the money to pay off the loan would have impacted his day to day finances.

In all the circumstances I think it's fair for Three to make a payment to Mr W, in addition to the steps they took to remove some of the missed payment information from Mr W's credit file. After thinking very carefully about what Mr W has told us, I think a payment of £400 fairly reflects the distress and inconvenience he experienced.

Three have shown us where they have already made two payments totalling £300 to Mr W. So, I think Three should pay Mr W an additional £100 to settle this complaint.

I'm aware that Mr W has explained where he hasn't received one of the payments Three has told us about. I've seen nothing in Three's records to suggest that either payment hasn't been made. If Mr W maintains his view that he is missing one of the payments, then I ask Three to engage with Mr W to sort out what has happened. This could mean Mr W providing bank statements to match the details of where Three say they sent the money.

Putting things right

For these reasons, Hutchison 3G UK Limited trading as Three should:

- Pay Mr W an additional £100 or the distress and inconvenience caused.

My final decision

My final decision is that I uphold Mr W's complaint and require Hutchison 3G UK Limited trading as Three to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 May 2026.

Sam Wedderburn
Ombudsman