

The complaint

Mr S is unhappy Vodafone Limited have continued to pursue him for repayment of a loan after telling him it was no longer payable.

To resolve matters Mr S is seeking for the loan to be written-off and compensation for the trouble and upset caused to him.

Mr S is represented by a third party in this matter, but for the purposes of this decision I will refer only to Mr S.

What happened

In August 2024 Mr S took out a fixed-sum loan agreement with Vodafone to pay for a mobile phone ('the device'). The loan was taken over three years for the amount of £972 to be paid back in monthly instalments of £27. The loan agreement did not include payments for interest, or charges for late or missed payments.

At the same time Mr S arranged other services with Vodafone. Mr S traded in his old device which was used to offset costs of the other services.

Problems with the services Mr S had purchased from Vodafone led to Vodafone agreeing to cancel them without any additional costs to Mr S.

Mr S spoke with Vodafone on 6 May 2025 and was told that everything had been cancelled and there was nothing more for Mr S to pay, including the loan. Mr S says he then sold the device. However, Mr S later received correspondence from Vodafone that his loan was in arrears and payment was due. Mr S says he then retrieved the device.

Mr S raised his concerns with Vodafone who accepted they had provided Mr S with the wrong information in the call on 6 May 2025 and not made clear in their communications to him that the loan for the device still needed to be repaid. Vodafone offered Mr S £65 to recognise the error.

Prior to our Investigator considering the matter Vodafone made a further offer to Mr S, as a gesture of goodwill, to pay him £200 together with a written apology. Mr S rejected the offer.

During the course of our Investigator's handling of the case Mr S expressed further concerns to Vodafone that they continued to approach him about payments despite their promise to put collections on hold from 15 July 2025.

In mid-August 2025 Vodafone accepted their failings here and apologised to Mr S with assurances that no further collections activity would take place. However, in August 2025 Mr S received correspondence from Vodafone to say the debt had been passed to a debt collections agency (DCA); in September 2025 Vodafone issued Mr S with a Notice of Default letter, and in November 2025 issued him a Termination letter.

Our Investigator concluded Vodafone's offer of £200 to recognise their shortcomings was fair in the circumstances of Mr S's case.

Mr S disagreed with the Investigator's conclusions, and referenced his attempts to resolve things directly with Vodafone to settle the matter including a proposal to return the device.

As our Investigator was unable to resolve things, the matter has been passed to me to decide. In the course of my review I approached Vodafone for further submissions and openness to seek a resolution for both parties. I proposed that compensation be increased to £350.

Vodafone recognised a problem with their processes had failed to keep their collections activity on hold; they explained they could not accept a return of the device due to it having been in the hands of a third-party when Mr S sold it, and they made no further offers to settle the matter or comment on the proposed increase in compensation.

When asked about how they were reporting Mr S's loan account to the credit reference agencies (CRAs) Vodafone said their credit file team had said there has been no further impact to Mr S's credit file due to the error with the sending of letters as *"the account was already recorded in a defaulted status, which is accurate and valid"*.

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 have only included a summary of what has happened above and although I may not respond to every point each party has raised I have reviewed all the submissions available and focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

To reach a fair and reasonable decision I have taken into account any relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

It may also help Mr S to know that it is not for me to decide whether a law has been breached, or whether a contract is legally enforceable – these are considerations for the court. My role is to decide what is fair and reasonable in the circumstances of the individual case for both parties.

For the avoidance of doubt, my considerations here are limited to the fixed-sum loan agreement.

It is accepted by both parties that during the call on 6 May 2025 Vodafone wrongly informed Mr S that he no longer had to make any payments to the loan.

It is disappointing this happened, and Vodafone's email to Mr S on the same day setting out the status of his various dealings with Vodafone did not mention the loan. I think it reasonable to say this further added to the lack of clarity around repayment of the loan and Mr S's understanding that he did not have to pay anything further towards it.

That said, I am mindful that Mr S was given the loan to pay for the device and he agreed to the terms and conditions of that loan which required monthly payment. And while it is unhelpful that Vodafone told Mr S the loan was no longer repayable, I do not consider it

would be fair or reasonable, in the circumstances, to put things right as if the misrepresentation was true.

This means I think it is fair to say that despite Vodafone's error here, Mr S still has a responsibility under the terms and conditions of the loan agreement to repay the amount he borrowed to pay for the device. So I do not think it fair that Vodafone should write-off the loan at this time, and it follows Mr S retains the device.

I have also considered the other key point of concern for Mr S that Vodafone promised to place a hold on their collections activity while our service considered the matter. Once more it is disappointing there were failings here on Vodafone's part. While the issuance of a Notice of Sums in Arrears is a legal requirement and something Vodafone were required to send Mr S, passing Mr S's debt to a DCA, and issuing a Notice of Default and Termination Notice were in Vodafone's hands.

Vodafone have said the errors here resulted from failings in their processes / systems, rather than any intent to cause Mr S further upset while his case was being considered. And from what I have seen this does appear to be the case.

Mr S also expressed concern about being able to make payments to the loan online, but Vodafone have explained that the online service Mr S was seeking was only available to air-time customers. The methods of payment for the loan were to pay by direct debit or by debit card. So I've not seen enough here to say that Vodafone did anything wrong or acted unfairly on this point.

I think it fair to say there have been some errors made by Vodafone during the course of these events and so what is left for me to consider is what is fair and reasonable, for both parties, to put things right as far as it is reasonably possible to do so.

I have considered everything that has happened alongside Mr S's submissions about his personal circumstances and how his health and wellbeing have been affected by these events.

It is apparent that Vodafone noted Mr S's vulnerability from at least early April 2025, and due to their own concerns about Mr S's well-being instigated a welfare check to ensure Mr S was safe. I am left in no doubt that Mr S's circumstances are not easy for him and I assure Mr S I have considered what he has shared about his health when deciding what is fair and reasonable to put things right.

As I've already explained above, in the circumstances I don't consider it fair that Vodafone should write-off Mr S's loan because of what was said on the call with him. I've also considered that the error was made on 6 May 2025, Mr S did not know of the error until 18 May 2025 when he was chased for a missed payment and by 21 May 2025 Vodafone had confirmed the loan still needed to be repaid. So Vodafone did correct Mr S's understanding within the same month and before June's payment was due.

But I do think this series of events has affected Mr S and caused him much trouble and upset to sort out, and that they have had an impact on his health and well-being. I've considered whether Vodafone's offer of £200 to recognise this is fair and reasonable and, in short, I do not think it is.

Mr S's expectations were raised significantly when he was left with the impression he did not have to repay the loan, and on this understanding Mr S has said he sold the phone before later retrieving it. Mr S also has engaged third-party support to help him manage this matter,

and has described that during this time there were personal circumstances that were particularly difficult for him.

Given the circumstances I think a total of £350 is fairer to recognise the distress and inconvenience this matter has caused Mr S.

I lastly note that Vodafone have said Mr S's credit file is being accurately reported. If Mr S believes this not to be the case, then he can raise this as a separate matter with Vodafone.

Going forward I would remind Vodafone of their responsibility to treat customers in financial difficulties fairly, with forbearance and due consideration.

Putting things right

Vodafone Limited should pay Mr S £350.

If Vodafone Limited have already paid Mr S £65 from their first offer, then this can be deducted from the £350.

My final decision

For the reasons above, my final decision is that Mr S's complaint is upheld and Vodafone Limited should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 April 2026.

Kristina Mathews
Ombudsman