

The complaint

Mr A has complained that Hutchison 3G UK Limited (Three) defaulted two credit agreements.

What happened

In August 2023, Mr A entered into a Fixed Sum Loan Agreement with Three for the supply of a new device. Mr A and Three agreed that Mr A could return the device and it would bring the agreement to an end. Shortly after Mr A entered into another Fixed Sum Loan Agreement with Three for the supply of a different device.

The device under the first device agreement was returned to Three, however it did not bring the agreement to an end and collected payments from Mr A.

In May 2025, Three sent Mr A two Default Notices, one for each agreement, when each agreement was four months in arrears. Each set out the payment Mr A needed to make and the deadline for doing so, in order to prevent the agreements from terminating and further action being taken. Three didn't receive the required payments by the deadline and so it went onto terminate the agreements in June 2025.

In July 2025, Mr A queried the payments due under the first device agreement. Three accepted it made a mistake and agreed to close the first agreement, process a credit file amendment, refund all payments made under the agreement, around £500, and pay Mr A £75 compensation. Three has said that as the Default Notice for the second agreement had not been satisfied, it had correctly reported the default to the credit reference agencies.

Unhappy with this response, Mr A referred his complaint to this service for an independent opinion. One of our Investigators said that since the complaint was referred to our service Three had agreed to refund interest that it ought to have applied to the amount it refunded, plus an additional £75 compensation. She said she thought this was fair. Mr A didn't agree and so the complaint was passed to me to decide.

I wrote to both parties to let them know my initial thoughts on Mr A's complaint, as I intended to reach a different outcome to our Investigator. In summary, I said that when Three defaulted the two agreements, Mr A had been overcharged by around £500 on one agreement and owed around £130 on the other. I said that if it wasn't for Three incorrectly collecting payments from Mr A for close to two years, when it made a mistake by not closing his agreement, he may not have fallen into arrears and as such I didn't think it was fair that the default remained for the second agreement. I said that I thought that Three should have taken action to remedy this in July 2025 when the error came to light. I said that I intended to direct Three to resolve the complaint in the following way:

- *Arrange for any adverse information, including the default, to be removed from Mr A's credit file;*
- *Bring the debt back in house, if it's not already done so and arrange a suitable repayment plan with Mr A for any outstanding balance. If both parties are happy to continue with the existing payment plan, I would consider that to be fair. If it's not*

possible for Three to bring the debt back in house, I would consider it fair for Mr A to continue making payments to any third party involved in that arrangement;

- Pay Mr A a total of £300 compensation. If Three has already made a payment of compensation, it should pay the difference; and*
- Pay 8% simple interest on the refunded amount for the first device agreement, from the date of each payment until the date of settlement. Three has already agreed to do this.'*

I recognised that Mr A had raised other concerns, but I thought that my intended remedy resolved those issues and so I did not comment on them. I also said that I would only be commenting on Three's actions up until the final response letter was issued and was unable to consider any complaints relating to his airtime agreement. I gave both parties the opportunity to respond and provide any additional evidence they wanted me to consider.

Three did not agree. It said that each device agreement was separate and distinct, one did not impact the other and the payments were not transferrable. It felt it had done enough to resolve the issue when Mr A brought it to its attention in July 2025, having made contact with him on multiple occasions prior to then regarding the arrears. Mr A responded with additional evidence to support the losses he said he incurred as a result of Three's actions, relating to an increased interest rate of around 1.4%, and an increased monthly charge of around £270, when he remortgaged around the same time the Default was applied. He also raised concerns about the distress and reputational impact the issue had on him.

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'd like to start by thanking both parties for providing a response to my recent correspondence and providing additional information. Having reviewed the responses, my opinion on the complaint remains the same, for the same reasons, which I'll summarise below.

This decision will focus on how Three handled Mr A's concerns, as per the complaint he made in July 2025. I will only be considering Three's actions up until the final response letter because the events leading up to this were considered by Three as part of this complaint. Should Mr A want to complain about anything else, he will need to contact Three directly to raise his concerns. Should Mr A be unhappy with any of Three's responses to any further complaints raised, we may be able to consider a complaint if he refers it to us.

I'm aware I've summarised the events of the complaint to some degree. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr A and Three that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it, but it's because I've concentrated on what I think are the key issues and how Three should fairly resolve the complaint, as explained to both parties previously. Our powers allow me to do this.

Mr A acquired the devices via regulated consumer credit agreements. As such, this service is able to consider complaints relating to them. As any agreements relating to airtime plans are not regulated consumer credit agreements, this service is generally unable to consider any complaints relating to them. As such, I will not make any comment on any airtime related plan.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

It's not in dispute here that things went wrong and so this decision will focus on the impact the issue had on Mr A. Three has already taken steps to bring the first agreement to an end and remove any adverse information from Mr A's credit file relating to this agreement, which I consider to be fair.

I agree with Three that Mr A had two distinct and separate device agreements, each of which set out the individual contractual obligations, but regardless I'm not persuaded that the second device agreement would have defaulted and terminated had it not been for Three's error. I'll explain.

When Three defaulted the second device agreement, it did so because Mr A had failed to make payments in line with his contractual obligations. That's not in dispute and at that point, I don't think it was unreasonable for Three to have terminated the agreement and reported the default to the credit reference agencies, given it did not receive the required payment by the deadline. When Mr A queried why he had two active device agreements in July 2025 it came to light that this was an error and only one should have been in place. It's at this point that I think Three could have done more to support Mr A.

Given that the arrears on the second device agreement were significantly less than the amount Three had incorrectly collected from Mr A under the first device agreement for close to two years, I think had it not been for Three's mistake, Mr A would have had additional funds and could have used those funds to make his contractual payments under the second agreement. For this reason, I think that had it not been for Three's mistake in collecting payments that were not due, the second device agreement more likely than not would not have fallen into arrears and everything that happened since then would not have happened. As such, I don't think Three acted fairly by reporting that the account defaulted and was terminated, and I think it should have realised that the default was unfair and remedied this once it was made aware of the issue in July 2025.

It's not in dispute here that Three's error has caused Mr A avoidable distress and inconvenience. He has had to deal with the worry of having two defaults on his credit file, receiving contact from debt collectors and has had to make a lot of contact with Three to try and resolve matters.

Mr A has also said he suffered a financial loss due to Three's mistakes. He has provided evidence he says supports that he was unable to secure a mortgage from a mainstream lender. I've considered this information, but I'm not persuaded that being declined by mainstream lenders, or having a higher interest rate applied, was a direct result of Three's error and so I can't fairly ask it to reimburse the additional costs Mr A says he incurred. I say that because the evidence provided refers to various different factors that seemed to result in Mr A not being able to obtain a mortgage from the lenders he intended to. So I'm not persuaded that had Three not applied the default, or removed it sooner, that Mr A would have been in a different position to the one he is in now.

As such, I see no reason to depart from the intended resolution I previously set out.

Putting things right

Overall, I think that Three's errors have caused Mr A avoidable detriment. To put things right, Hutchison 3G UK Limited should put Mr A back in the position he would've been in if it weren't for the errors and pay him compensation. It should:

- Arrange for any adverse information, including the default, to be removed from Mr A's credit file in relation to the second device agreement;
- Bring the debt back in house, if it's not already done so and arrange a suitable repayment plan with Mr A for any outstanding balance. If both parties are happy to continue with the existing payment plan, I would consider that to be fair. If it's not possible for Three to bring the debt back in house, I would consider it fair for Mr A to continue making payments to any third party involved in that arrangement;
- Pay Mr A a total of £300 compensation to recognise the avoidable distress and inconvenience Three caused him. If Three has already made a payment of compensation, it should pay the difference; and
- Pay 8% simple interest on the refunded amount for the first device agreement, from the date of each payment until the date of settlement.'

My final decision

My final decision is that I uphold this complaint and direct Hutchison 3G UK Limited to settle it as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 April 2026.

Daniella Roberts
Ombudsman