

The complaint

Miss T complains about how Vodafone Limited treated her, when she settled a fixed sum loan agreement.

What happened

In September 2021, Miss T took out a fixed sum loan agreement with Vodafone, to pay for a brand new mobile telephone handset. Under the agreement, Miss T needed to make monthly payments of £45 for two years.

However, in May 2023, Miss T decided to end her agreement early. So, she spoke to Vodafone to get a settlement figure and a reference number to make a bank transfer. But, around a month later Vodafone wrote to Miss T, to say her agreement was in arrears due to a missed payment.

Miss T replied to say she had settled the agreement and complained to Vodafone, because she said she had already paid the outstanding debt. In their response to Miss T's complaint, Vodafone said they couldn't trace the payment and continued to ask Miss T to repay the arrears.

Miss T didn't accept Vodafone's response and provided proof from her bankers that she had made the payment. Vodafone didn't change their position and passed the outstanding balance of the loan to a debt collection agency. In the meantime, Miss T brought her complaint to us. Around the same time, Miss T experienced some deeply upsetting personal circumstances.

While the case was with us, Vodafone contacted us to say they had traced the payment Miss T had made to them. They said they had given an incorrect reference number to Miss T when she had called in May 2023. So, this had made it difficult for them to trace the payment.

One of our investigators was given Miss T's case to look into and after talking to both parties, decided to uphold the complaint. The investigator found that Vodafone should apologise for what happened and remove all adverse information from Miss T's credit file. The investigator also checked that Miss T hadn't made any overpayments to the loan. And after a review, the investigator asked Vodafone to pay Miss T £400 for the distress and inconvenience she had encountered.

Miss T didn't accept the investigator's findings and said the apology should come from Vodafone's Chief Executive Officer (CEO). Miss T also wanted assurance that others would not have the same experience with Vodafone and for Vodafone to increase in their payment for distress and inconvenience.

The investigator didn't change his conclusions and Miss 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.

This case is about a fixed sum loan agreement that Miss T took out with Vodafone, which is a regulated financial product. As such, we are able to consider complaints about it.

Before I move on, I'd like Miss T to know that I empathise with the extremely difficult personal circumstances she has told us about. It must still be a very upsetting time for Miss T and her family, and I hope they continue to receive the support they need.

During my review, I've thought about what was happening in Miss T's day to day life. More specifically, the time when Vodafone demanded the payment from her and the trouble she went to, to prove she had settled the loan.

Vodafone have explained that they gave Miss T the incorrect reference number to use in her bank transfer, when she made a payment of £270 in May 2023. I think Miss T was entitled to rely on the details given to her about the reference number. So, I agree that Vodafone made the error. I can also see where Vodafone didn't spot their error, until after Miss T had referred her complaint to us.

I recognise that Miss T wants to know why the error happened and for others not to experience similar mistakes. I think Vodafone will want to take the learnings from how they treated Miss T, to prevent similar errors happening to other customers. But, it's my role to make sure Vodafone put the most appropriate remedy in place for Miss T's individual case. My role isn't to require Vodafone to change their internal processes or procedures.

So, I've looked at the chain of events in Miss T's case and the offer put forward by Vodafone, to see if I think it fairly resolves this complaint.

From looking at the information provided by Miss T and Vodafone, I can see that it took Vodafone from May 2023 until October 2023, to find the payment and remove all the adverse information from Miss T's credit file. This means it took around five months for Vodafone to put matters right.

During that time, Vodafone contacted Miss T at least six times to ask her to repay the arrears on the fixed sum loan agreement. Additionally, Vodafone passed the debt to a debt collections agency, which meant Miss T was pursued by that agency. I can also see that Miss T was proactive in responding to Vodafone and she took steps to provide proof of the payment from her bankers.

Against this background, I agree that it's appropriate for Vodafone to apologise to Miss T for pursuing her unnecessarily. I'm aware that Miss T would like the apology to come from Vodafone's CEO. But, Vodafone have suggested that the apology will come from them as a business.

Having thought carefully, I think it's reasonable for Vodafone to decide how best to offer the letter of apology to Miss T. While I think Vodafone should apologise, I don't think it's necessary for me to require it to come directly from their CEO.

Miss T has told us that she has paid more than she needed, to end her agreement with Vodafone. I've checked the account statement for the fixed sum loan, and I can see that £270 was needed to clear the balance and end the agreement in May 2023.

I've also looked at the monthly payments made by Miss T and the balance after each payment. Having done so, I cannot see that Miss T has paid more than she needed to. So, I don't think there's a requirement for Vodafone to refund any of Miss T's loan repayments.

I turn now to Miss T's credit file. I can see that Vodafone attempted to remove all the adverse information about the loan from Miss T's credit file in August 2023. Overall, I think the steps proposed are fair. But, the evidence shows where the final piece of adverse information remained until October 2023.

I'm unaware if Miss T still thinks the adverse information remains on her credit file. So, I think it's fair for Vodafone to ensure they've made all the changes to the details held with credit reference agencies, about the fixed sum loan agreement in Miss T's name.

Miss T has explained that the adverse information from Vodafone meant she was offered a higher interest rate, when she needed to take out a new fixed rate deal for her mortgage. I've not seen any persuasive evidence to show where it was Vodafone's actions alone, that led to any loss here.

So, on balance, I'm not persuaded it would be fair to ask Vodafone to make a payment to Miss T in respect of any fixed rate mortgage she went on to take out.

Finally, I've considered the distress and inconvenience that Miss T has told us she encountered. I agree that it must have been stressful to receive demands for repayment from Vodafone and a debt collections agent. I also accept that Miss T was put to some inconvenience when she provided proof that she had made the payment.

Furthermore, it must have been worrying for Miss T to know that adverse information was added to her credit file. This came at a time where Miss T was already extremely worried about her personal circumstances.

Having thought about all the evidence, I don't think Vodafone treated Miss T fairly when they held her responsible for an outstanding amount that she'd already repaid. I think Miss T has experienced distress and inconvenience, during what was already a terrible time for her and her family. So, I think it's fair for Vodafone to make a payment to Miss T in recognition of the worry they caused.

In all the circumstances I think it's fair for Vodafone to pay Miss T £400 for the distress and inconvenience she experienced.

Putting things right

For these reasons, Vodafone Limited should:

1. Send a letter of apology to Miss T;
2. Remove any adverse information about Miss T's fixed sum loan agreement, from the details held with credit reference agencies; and
3. Pay Miss T £400 for the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint and require Vodafone Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 22 March 2024.

Sam Wedderburn
Ombudsman