

The complaint

Mr C complains that Home Retail Group Card Services Limited trading as Argos Financial Services ('Home Retail Group') irresponsibly gave him a store card that he couldn't afford.

What happened

On 1 June 2016, Mr C's store card was opened by Home Retail Group with an initial credit limit of £600. The credit limit was increased on 28 December 2016 to £900 and to £1,350 on 28 November 2019.

On 1 July 2023, Mr C raised his complaint to Home Retail Group to say that the account shouldn't have been opened for him or given him increases to his credit limit because they weren't affordable and that Home Retail Group ought to have made a better effort to understand his financial circumstances before giving him credit.

Our investigator thought the complaint should not be upheld. Mr C didn't agree. So, the complaint has been passed 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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Home Retail Group will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Our investigator in his assessment provided a detailed account of the increases of credit and Mr C's circumstances at those times. Neither party has called the specifics into question, so I don't intend to cover them off here.

Mr C's complaint is that Home Retail Group made credit available that was unaffordable. Home Retail Group has explained that it relied in part on information that Mr C provided at the time of his credit application to assess affordability. They said they carried out a credit search in Mr C's name to assess Mr C's level of debt at that time and to understand how he had been managing that debt. With that information and using their own scoring metric, Home Retail Group decided to agree to the credit limits. So, there was some assessment of affordability at the time of each lending decision.

It is possible that Home Retail Group could have performed checks that were more searching at times. But even had they been more searching, I am not persuaded that Home Retail Group would have seen sufficient evidence that would have put them off providing credit to Mr C at the times they did so. I'll explain why I say that.

The Home Retail Group told us their checks showed that Mr C did not have a poor credit score. And the copy of Mr C's credit report that was presented to us confirms that, as it contains hardly any adverse credit information. It showed no recent history of CCJ's, defaults or bankruptcy. The credit report supports the evidence that was available to Home Retail Group at the time of the lending decisions. Mr C's credit file was not so poor at the time of the lending decisions that Home Retail Group ought to have avoided any further lending to Mr C.

And for the credit limit increases Home Retail Group also had the evidence of how Mr C was managing his existing credit. And Mr C's statements suggest that the account was well managed.

Mr C has told us he was earning approximately £18,500 a year at the time the account opened and for the first credit limit increase. I have noted that following a period of unemployment, Mr C was employed again at the time of the second credit limit increase and his 'take home' pay was over a £1,000 a month. I consider the credit provided was reasonably modest in nature both in itself and in relation to Mr C's incomes at the times of the lending decisions. I've noted that Mr C lived at home with his parents and does not seem to have had immodest committed expenditure. So, Mr C's income seems sufficient to make affordable the size of the credit and the monthly cost of making repayments on that amount.

Mr C has explained that he had a gambling habit at the time. But I have seen no evidence that Mr C told Home Retail Group about that. And I have seen insufficient evidence of it being a significant regular expenditure at the time of the lending decisions.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr C to the contrary, I have seen insufficient evidence to think that the credit Home Retail Group provided to Mr C was unreasonable.

I know that Mr C will be disappointed with my decision, in itself and because he has invested time and energy in pursuing his complaint. But I want Mr C to know that I considered all the submissions made in this case. And having considered all the submissions in this case, particularly those concerning the time of the lending decisions, I have not found sufficient evidence to uphold this complaint.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 March 2024.

Douglas Sayers
Ombudsman