

The complaint

Mr O complains that Home Retail Group Card Services Limited trading as Argos Card Services (“Argos”) irresponsibly provided him with a store card.

What happened

Mr O applied for a store card with Argos online in October 2020. Argos provided a store card with a credit limit of £1,000. In September 2023, Mr O says Argos didn’t issue a new card when the old one expired as it was monitoring how he managed his account. In December 2023 Argos issued Mr O’s new card but had reduced his credit limit to £990.

Mr O complains that he shouldn’t have been provided with credit.

Our Investigator didn’t think the complaint should be upheld. He concluded that Argos carried out reasonable and proportionate checks in 2020 prior to agreeing to lend, and that the decision to lend was fair. The Investigator also concluded that Argos wasn’t being unreasonable in issuing Mr O’s new card in December 2023.

Mr O remained unhappy and asked for the complaint to be referred to an Ombudsman. He said he had a large amount of credit up to the limit and the way he used his Argos card ought to have indicated financial difficulty.

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.

Having done so, I’m not upholding this complaint. I’ll explain why.

We’ve set out our approach to complaints about unaffordable and irresponsible lending on our website. And I’ve taken this into account in deciding Mr O’s complaint.

Argos needed to take reasonable steps to ensure that it didn’t lend to Mr O irresponsibly. It should have completed reasonable and proportionate checks to satisfy itself that Mr O would be able to repay the credit in a sustainable way.

Did Argos carry out reasonable and proportionate checks?

What we consider to be a proportionate check depends on the size and length of the lending as well as other individual factors. This means that we won’t necessarily say it’s unreasonable for a lender’s checks to be less detailed where the amount to be repaid is relatively small.

In this case, Mr O told Argos about his salary and it performed some credit checks using third party providers. It’s provided me with the result of the checks and how this satisfied its lending criteria. Argos decided to provide Mr O with a store card with a credit limit of £1,000. Given the amount Argos agreed to lend to Mr O, and the income he declared, I think the checks were proportionate and there was nothing in the checks that ought to have prompted Argos to do extra checks before agreeing to lend.

Was Argos' decision to lend a fair one?

I've looked at the information Argos received from its checks and Mr O's income at the time. The checks showed scores relating to Mr O's level of debt and risk in relation to what's on his credit file. I can see that Mr O's scores were within Argos' limits and there was nothing to demonstrate that it would've been unfair to lend to Mr O.

Mr O talks about the difficulties he's had with credit. The credit check Argos conducted didn't highlight that Mr O was in financial difficulties or would have any difficulty repaying the store card in a sustainable way. And although Mr O says he has had difficulties with credit, based on what it shows in the credit file he's provided me, much of the credit he took out was after 2020.

Mr O says that Argos provided more credit in 2023 but this wasn't the case. After Mr O had missed some payments and was over his limit Argos delayed in sending out a new card for his existing account. I'd expect a responsible lender to monitor how someone was using their account and take appropriate action where there are signs of actual or possible financial difficulties. And this is what Argos did. It gave Mr O the opportunity to get his account back under the credit limit before giving him a new card.

When it did send out the new card, two months later, it did so having decreased Mr O's credit limit to £990. I've not seen anything to suggest that it provided Mr O with any additional credit, in fact it slightly reduced the amount of credit available to Mr O. It's worth noting that when a new card was sent out Mr O had made payments to pay off the amount that he was over his limit, and he'd brought the balance down to below his new decreased limit. I can't see anything to suggest Argos ought to have done anything differently in this situation.

Did Argos act unfairly or unreasonably in some other way?

Mr O has talked about the difficulties he's experienced financially, and I'd urge him to talk to Argos about what it might be able to do to support him going forward. But I've not seen anything to suggest that it acted irresponsibly in deciding to lend to him.

I've also considered whether Argos acted unfairly or unreasonably in some other way given what Mr O has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Argos lent irresponsibly to Mr O or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I do appreciate this decision will be disappointing to Mr O, but I hope I've explained why I don't think Argos has been irresponsible in its decision to lend.

My final decision

For the reasons I've explained, my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 August 2024.

Charlotte Wilson
Ombudsman