

The complaint

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

What happened

On 13 September 2021, Mr A's store card was opened by Home Retail Group with an initial credit limit of £1,200. This credit limit was never increased.

In 2023, Mr A complained to Home Retail Group to say that the account shouldn't have been opened for him because it wasn't affordable and that Home Retail Group ought to have made a better effort to understand his financial circumstances before opening the store card for him.

Our investigator thought the complaint should not be upheld. Mr A didn't agree. So, the complaint has been passed to me to decide.

Mr A has a separate customer service complaint ongoing with Home Retail Group. That is being considered under a separate reference. This complaint is solely about unaffordable lending on Mr A's store card.

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.

Mr A'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 A provided at the time of application to assess affordability. They said they carried out a credit search in Mr A's name to assess Mr A'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 limit of £1,200. So, there was some assessment of affordability at the time of the sale.

The Home Retail Group told us their checks showed that Mr A did not have a poor credit score. Mr A has provided two credit reports that feature some information from the time of

the sale. This supports the evidence that was available to Home Retail Group at the time of the lending decision. Mr A's credit file was not so poor at the time of the loan application that Home Retail Group ought to have avoided any further lending to Mr A. I'll explain why I say that.

Mr A's management of his existing credit showed no *recent* history of CCJ's, defaults or bankruptcy. And for more than six months before the application there had been no late payments or arrears on any of Mr A's existing accounts. There were adverse markings on the credit report of a more serious nature, but these were historic markings, being more than three years before the lending decision.

So, it seemed from the credit file that at the point that the lending decision was made, Mr A was affording his contemporaneous existing credit. And so, Home Retail Group were not put on notice of any reason not to agree the lending from that. And so, I don't think that the information that Home Retail Group had at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Mr A's expenditure.

Mr A has told us he was earning approximately £20,000 a year at that time. Mr A's income seemed sufficient to make affordable the size of the initial credit limit and the monthly cost of making repayments on that amount. Considering all of the above, there was no obvious affordability issue that suggested that Home Retail Group should look more closely at Mr A's finances.

I understand that subsequently Mr A's accounts did show signs of financial difficulty, but they are largely *after* this lending decision was made. I have to look at the information that was available to Home Retail Group at the time it made its lending decisions and not to use hindsight. I have seen insufficient evidence that the other information that Home Retail Group acquired or had presented to it at the time of the lending decision, would have led them to think that they were remiss in not checking Mr A's expenditure more closely.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Home Retail Group provided to Mr A was unreasonable.

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 A to accept or reject my decision before 20 December 2023.

Douglas Sayers
Ombudsman