

## **Complaint**

Mr G has complained about an (“Argos”) store card Home Retail Group Card Services (trading as Argos Card) Limited provided to him.

He says the store card was irresponsibly provided as it was unaffordable for him.

## **Background**

Argos provided Mr G with a store card with an initial limit of £600 in September 2021. Mr G wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr G and Argos had told us. And she thought Argos hadn’t done anything wrong or treated Mr G unfairly in relation to providing the store card. So he didn’t recommend that Mr G’s complaint be upheld.

Mr G disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr G’s complaint. I’ll explain why in a bit more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr G’s complaint.

Argos needed to make sure it didn’t lend irresponsibly. In practice, what this means is Argos needed to carry out proportionate checks to be able to understand whether Mr G could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Argos says it agreed to Mr G’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr G would be able to make the relatively low monthly repayment due on this store card.

On the other hand Mr G says that he shouldn’t have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr G was provided with a revolving credit facility rather than a loan. And this means that Argos was required to understand whether a credit limit of £600 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £600 required relatively low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Argos carried out a credit check before initially agreeing to provide this store card. Argos has been unable to provide the output of its credit checks. But I've considered the information Mr G has provided in relation to his credit history and I don't think that this in itself meant that Argos shouldn't have lent to him.

Furthermore, I've seen records of the information Argos obtained from Mr G about his income. And this information doesn't indicate to me that Argos ought to have realised that Mr G didn't have the funds to make the relatively low monthly payment that required to repay this store card within a reasonable period of time either.

I accept that Mr G says that his actual circumstances were worse than what the information Argos obtained showed. I know what he has said about his personal circumstances at the time. That said, Argos did not know about this. And importantly I don't think that it ought reasonably to have been aware of this either. Of course, Argos might have seen that Mr G's circumstances were worse had it seen Mr G's bank statements. And it is possible, but by no means certain, that it might have taken a different decision had it seen this information.

However, in my view, there wasn't anything immediately obvious in the information that Argos is likely to have had, including Mr G's existing indebtedness bearing in mind his declared income, which meant it should have asked Mr G to provide supporting evidence, such as his bank statements, before providing him with a store card, with this limit, in this instance.

So while I appreciate what Mr G has said, this doesn't make a difference to my decision here, as it would have been disproportionate for Argos to have asked for statements, at the time, given the amount being lent and what the information that it is likely to have gathered showed.

Overall while I can understand Mr G's sentiments and I'm sorry to hear about his situation, I don't think that Argos treated Mr G unfairly or unreasonably when providing him with his store card. It carried out reasonable checks and relied on the information provided which suggested that the store card was affordable.

Consequently I'm not upholding Mr G's complaint. I appreciate this will be very disappointing for Mr G. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to

### **My final decision**

For the reasons I've explained, I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 June 2024.

Jeshen Narayanan

**Ombudsman**