

The complaint

Miss W complains that Home Retail Group Card Services Limited (“Home Retail Group”), trading as Argos, irresponsibly granted her a store card account she couldn’t afford to repay.

What happened

Miss W entered into an agreement with Home Retail Group to have access to credit with a store card account that was opened for her in March 2020. The account had an opening credit limit of £600.

Miss W says that Home Retail Group didn’t complete adequate affordability checks when it opened her account.

Home Retail Group didn’t agree. It said that it carried out a reasonable and proportionate assessment to check Miss W’s financial circumstances before granting her the account.

Our investigator didn’t recommend the complaint be upheld. She thought Home Retail Group didn’t act unfairly or unreasonably by approving the account.

Miss W didn’t agree and so her complaint has been passed to me for 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.

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.

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”.

Miss W’s complaint is that Home Retail Group made credit available to her that was unaffordable for her from the outset. Before granting the new account and setting the opening credit limit, Home Retail Group looked into Miss W’s financial situation. I think Home Retail Group gathered a reasonable amount of evidence and information from Miss W about her ability to repay her account. This included completing a credit check with credit reference agencies and checking that she was in full time employment. The check showed that in January 2020 there had been a county court judgment against Miss W for £200. Whilst this is obviously a concern, especially if at that point it hadn’t yet been paid (although that isn’t clear from the details I’ve seen), Home Retail Group needed to consider whether there was a likelihood that Miss W wouldn’t be able to meet the monthly repayments. I don’t think,

based on what I've seen, that granting a relatively modest credit limit of £600 in the context of this judgment was irresponsible. I say this especially as Miss W otherwise appeared to be managing her finances and other credit well enough so as not to be incurring arrears or default notices. The credit check also showed that she didn't have any defaults or other adverse findings against her from previous borrowing. So, from all the evidence and information I've seen, there wasn't anything that was likely to have been apparent to Home Retail Group from the checks it carried out to suggest it was otherwise wrong to grant her the credit.

It's possible that Home Retail Group failed to make adequate checks before providing Miss W with the credit. But even if that's true, I don't think better enquiries would have caused it to think the opening credit limit it gave her was unaffordable.

I say this because, taking into account what we know about Miss W's income and financial situation at the time, the opening credit limit was reasonable and the maximum monthly payments would likely have been manageable. And whilst I've seen from Miss W's bank statements prior to the account opening that she went into her overdraft for part of January 2020 before she was paid, I don't consider this to be a concern, especially given it being early in the new year. And I don't consider occasional use of an overdraft facility to be an issue that would necessarily be enough to show or suggest that new credit at the level it was given with the card was likely to have been granted irresponsibly or indicate a deteriorating financial situation.

So, having considered all the submissions made in this complaint, and in the absence of any extra evidence from Miss W to the contrary, I have seen insufficient evidence to think that a more thorough affordability check would have led Home Retail Group to think that the credit it provided to Miss W was unreasonable.

I know that Miss W will be disappointed with my decision. But I would like her to know that I have fully considered everything she has told us. Having done so, however, I have not found sufficient evidence to be able to uphold this complaint.

I'm therefore not persuaded that Home Retail Group acted unfairly in approving the account.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 29 December 2023.

Michael Goldberg
Ombudsman