

The complaint

In summary, Mrs K complains that Home Retail Group Card Services Limited trading as Argos card, didn't provide her with support when she got into financial difficulties in 2022. Instead, it sold her debt to a debt recovery company.

What happened

In October 2020, Home Retail provided Mrs K with a credit account. She made several purchases using the account. Home Retail said that by April 2022 the required payments to the account weren't received, and that no payments had been received since July 2022.

Home Retail contacted Mrs K in respect of the arrears on the account. When it became aware of her circumstances it put a hold on interest and fees for three months. After that time had expired, Home Retail said no contact was received from Mrs K to further correspondence it sent her, regarding settling the account.

In December 2022 Mrs K complained to Home Retail about a notice she had been sent regarding the account. It explained that the correspondence was a statutory notice to inform her that the account had been terminated.

Mrs K subsequently complained to Home Retail again when she was informed that the account was defaulted in December 2022, and the debt sold on to a third party in January 2023.

Dissatisfied with the response from Home Retail, Mrs K referred her complaint to our service. One of our investigators explained why they didn't think Home Retail had done anything wrong. Mrs K disagreed, so the complaint was referred to me for review.

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've decided not to uphold Mrs K's complaint. I'll explain why. First, I want to acknowledge that from what Mrs K has told Home Retail and this service, it's clear she has had a difficult time over the last year. And this has resulted in her experiencing financial difficulties in respect of her credit account.

The crux of the issue that I need to decide, is whether Home Retail treated Mrs K fairly in respect of the financial difficulties she experienced, in relation to the credit account she had with it. From the evidence I have seen, I think it did.

When Mrs K made Home Retail aware of the financial difficulties she was in, it had a regulatory obligation to treat her with forbearance and due consideration in respect of the financial difficulties she was experiencing with her account. So, essentially it needed to treat her fairly.

Shortly after Home Retail became aware of Mrs K's personal, health and financial difficulties it wrote to her in August 2022. Its letter asked for further details of her health issues so it could tailor its support to her specific needs. It also responded to her request to put the account on hold for six months. It said that it would be happy to hold the account for three months and stop all interest and charges during that time. It also went on to say that it would look at this again after the three-month period ended. And it explained that it had an obligation to send regulatory letters that might be due at certain points during that time.

The actions taken by Home Retail that I've summarised above, are what I would expect it to have done when it became aware of the personal and financial difficulties Mrs K was experiencing at that time. I think it treated Mrs K fairly by putting the account on hold for three months and stopping all interest and charges during that time. And the actions it took were in line with the expectations set out by its regulator the Financial Conduct Authority (FCA).

Mrs K doesn't seem to think that the subsequent actions Home Retail took in writing to her in respect of the arrears on the account, subsequently defaulting it, and selling the debt on were fair. However, it seems to me that after the three months grace period had expired, no further payments were made to the account to settle the arrears and outstanding balance. And I've not seen evidence that shows that Mrs K engaged with Home Retail as to how she intended to pay those arrears and the outstanding balance.

In those circumstances I don't think Home Retail acted unfairly in corresponding with Mrs K in the way it did. It had a legal obligation to write to Mrs K in the way that it did, of its intention to enter the account into default. Once the account had defaulted it wasn't inappropriate of Home Retail to sell the debt to a third party. That was a commercial judgement that it was entitled to make, and the terms and conditions of the credit agreement provided for it to do be able to do that.

I do understand that Mrs K has been through a difficult time and I'm sorry that she has found herself in the financial position that she has. But for the reasons I've explained, I don't think Home Retail has done anything wrong.

My final decision

My decision is not to uphold Mrs K's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 6 September 2023.

Simon Dibble
Ombudsman