

The complaint

Ms H complains that Home Retail Group Card Services Limited trading as Argos Card (Argos) defaulted her credit card.

What happened

Ms H had a credit card from Argos with a limit of £1,200. The statement dated 22 July 2022 showed a balance of £1,307.72. The account was in arrears and the statement said to pay £151.15 immediately.

The last payment Ms H made was on 8 May 2022 (£26.11 – the minimum payment). The next payment made was on 1 October 2022 – when a direct debit commenced and took the minimum payment of £112.65.

Ms H called Argos on 4 August 2022 to discuss her account. A direct debit was set up to take minimum payments with effect from 1 October 2022. A letter was sent to Ms H dated 4 August 2022.

On 4 September 2022, Argos sent Ms H a Notice of Default. The balance was £1,316.22 and the arrears were then £201.30 – this needed to be paid by 27 September 2022. The default was registered on 30 September 2022.

Ms H complained. She said she was confused by the call on 4 August 2022. She didn't realise she needed to make a manual payment before the direct debit came into operation. She said the default therefore wasn't fair and should be removed. She would like to settle the account and use the card again.

Argos said that when Ms H called Argos on 4 August 2022, she said she was not in financial difficulty and could make a payment of £151.15 at the end of August and would continue to pay in until the direct debit started. Argos said they explained that Ms H should contact them if she could not afford the payment.

Argos said Ms H didn't make the payment, nor did she contact Argos. A default notice was issued on 2 September 2022 (sic). That asked for payment of £201.30 by 27 September 2022. Ms H didn't make any payment or contact Argos again, and so the default was registered.

Ms H brought her complaint to us. Our investigator didn't uphold it. He said that if £151.15 had been paid in by the end of August 2022, the default would've been avoided. He said it was made clear to Ms H what needed to happen, and she had been given clear communications about her account. Argos could accept payments to the account in several ways and Ms H had received the Notice of Default, which set things out.

Ms H didn't agree and asked that an ombudsman look at her complaint. So – it has come to me to make 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.

The crux of Ms H's complaint is that she didn't understand what was said when she called Argos on 4 August 2022.

I asked Argos for a recording of the call, but unfortunately, they couldn't provide it. But I reviewed the notes made on Ms H's account which show what was discussed and agreed. The notes are quite detailed. They say Ms H advised she wasn't in financial difficulty and was up to date with priority bills. This is important as if Ms H had been in financial difficulty, then Argos would've have been expected to treat her as such.

Because she wasn't going to get paid until the end of the month, Argos agreed to change her payment date to 1st monthly. Ms H said she could afford to pay off the arrears. Argos refunded a late payment fee of £12 and interest of £41.48. A direct debit was set up for minimum payments. So – the actions Argos took seem to me to have been reasonable things to do; and the notes of the call appear to show Ms H was told clearly about what was to happen.

I then reviewed what Ms H was told about the direct debit – as I wondered if she thought it would cover the total payments needed, including the arrears. Argos sent to me the direct debit script which was read out to Ms H. This included *"Your direct debit will collect the minimum payment amount shown on your statement each month....So, feel free to repay as much as you want in addition to your minimum payment Direct Debit"*. So – I think it was clear that the direct debit would only take the minimum amount needed from Ms H's bank account, and not the arrears.

Ms H was sent a letter when the direct debit was set up. I reviewed this. It said *"...we need you to continue making any required monthly payments through other means until your first Direct Debit payment is collected. Your monthly Argos Card statement will tell you when this will be."* So – the letter said Ms H needed to pay in manually until the direct debit started. I can see on Ms H's statement dated 3 September 2022 – the next minimum payment was due on 1 October 2022 - £112.65, and this was then taken by direct debit on that date.

I can see that Ms H was sent a Notice of Default on 4 September 2022. I reviewed this. It said the arrears were then £201.30 and it said *"...you must pay the total arrears of £201.30 before 27 SEPTEMBER 2022. You can make a payment by calling us on XXXX"*. It went on to say Argos may *"...Register a default with credit reference agencies."*

The cover letter with the Notice also explained *"A Default Notice applies to debts regulated by the Consumer Credit Act. It is a notice from us setting out that if you don't bring your account up to date within a certain time, we may terminate our agreement with you. Please read this notice very carefully. It will tell you the amount you need to pay and the date this payment must be made by. It will also tell you about the further action we may take."*

The default goes on your credit file and stays there for six years. This affects your ability to get things like mortgages, loans, credit cards and mobile phone contracts. Any applications for these are likely to be declined".

Therefore, I think the Notice of Default was sufficiently clear.

Unfortunately, Ms H didn't make the payment, nor did she contact Argos about the letter – I think it's reasonable for me to say she could've done so to discuss her account. I can also

see that Argos tried to call her on 5 September 2022, but there was no reply. The notes on Ms H's account show a voice mail was left on Ms H's phone.

The next contact from Ms H was on 23 November 2022 – when she called about the default on her account. So, unfortunately, Ms H didn't get in touch with Argos between the Notice of Default on 4 September 2022 and 23 November 2022.

I was sorry to hear of the default that's been registered on Ms H's credit file. But, looking at the overall communications between Argos and Ms H, I'm satisfied that Ms H was given sufficient information about her account, what she needed to do to make payments and how to bring her account up to date.

Therefore, I'm not asking Argos to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 7 August 2023.

Martin Lord
Ombudsman