

The complaint

Mr F complains that Home Retail Group Card Services Limited (“Argos”) unfairly closed his store card account.

What happened

In January 2022, Mr F tried to make a purchase using his Argos store card. The transaction was declined, so Mr F contacted Argos to find out what had happened.

Argos told Mr F that it had closed his store card account because he hadn’t made a purchase since September 2020. It also said that in July 2021 it had sent him notice of this in text messages. Mr F said he never received those messages, so he complained to Argos.

Argos looked into Mr F’s complaint and found out that it had the wrong phone number for Mr F. Mr F said that when he took out the card in store, he read out his phone number and the store assistant wrote it down, but had made a mistake in doing so. Argos said it couldn’t establish whether the store assistant had made a mistake, but it upheld the complaint and offered Mr F £20 compensation.

Mr F didn’t accept the offer and referred his complaint to this service. Our investigator considered the complaint and recommended that it should be upheld. He said Argos hadn’t been able to demonstrate it had complied with the terms and conditions of the account.

Argos didn’t agree with our investigator’s recommendations, and told us that the terms and conditions of the account had changed in September 2020, so the complaint has now come to me to decide.

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’m upholding the complaint. I’ll explain why.

In its final response to Mr F’s complaint, Argos said it had closed his account in accordance with the terms and conditions, specifically “*section 10*” which it said allowed it to close the account “*if it has been dormant, meaning there have been no purchases or there has been no balance owed to us for at least 6 months*”. However, the terms and conditions Argos sent to us didn’t include this term at Section 10, or anywhere else.

So our investigator asked Argos if the terms and conditions it had sent to us were correct or whether there were different terms and conditions in place when Mr F took out his store card agreement.

Argos responded to our investigator saying the terms and conditions it had sent to us were the ones provided to Mr F at the point of sale and were still current. It said that there was a term at Section 10.2 which allowed Argos to give “*at least two months’ notice in writing before ending the agreement.*”

I accept that Section 10.2 does give Argos the right to close an account by giving two months' notice in writing, but it doesn't refer to dormancy of the account which Argos says was the reason Mr F's account was closed.

Argos then told us it had moved its entire customer base over to new terms and conditions in September 2020 – terms and conditions that specifically mention it can close the account if the account remains dormant.

But I'm not persuaded that Mr F was made aware of the new terms of his account or the reason for the closure of his account. Firstly, the messages giving notice of closure were never received by Mr F as they were sent to the wrong number – so he couldn't possibly have taken steps to rectify the issue and keep his account open. And secondly, when our investigator asked Argos for evidence that it had sent Mr F the new terms and conditions of the account which specifically refer to dormancy, no such information was provided. So I've not seen enough evidence to satisfy me that Mr F knew his account would be closed if he didn't make a purchase.

Whilst the new terms and conditions Argos has sent us do appear to allow Argos to terminate the agreement if the account is dormant, I still don't think in this case it's fair for Mr F's account to remain closed. This is because from what I've seen, I think it's more likely that Argos made a mistake in noting down Mr F's number, rather than Mr F providing his own number incorrectly. So Argos should put Mr F back in the position he would've been in had Argos not made that error.

And I consider that if Mr F had received the text messages, that would've given him an opportunity to make purchases using the card to keep his account open, and this would've also saved him the embarrassment of having a card transaction declined in store. So I'm satisfied that by reopening Mr F's account, Argos will be putting Mr F back in the position he would've been in had the error not occurred.

I also think that Argos should put matters right for Mr F by ensuring it gives him the correct terms and conditions of his account and ensuring that it holds the correct contact details for him. It should also compensate Mr F fairly for the embarrassment of having his card declined in store, due to an error that was most likely caused by Argos. And I'm satisfied that £50 compensation in this case is reasonable due to the inconvenience caused to Mr F by having his card declined in store and his account closed unfairly.

Putting things right

Home Retail Group Card Services Limited trading as Argos Financial Services should now:

- reopen Mr F's store card account
- provide Mr F with a copy of the correct terms and conditions for his account
- ensure it now holds the correct contact details for Mr F
- pay Mr F an additional £30 compensation for the distress and inconvenience this issue has caused, bringing the total amount of compensation to £50.

My final decision

I uphold this complaint and require Home Retail Group Card Services Limited trading as Argos Financial Services to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 14 September 2022.

Ifrah Malik
Ombudsman