

The complaint

Mr M complains that Home Retail Group Card Services Limited trading as Argos Financial Services ('Home Retail Group') irresponsibly gave him a credit card account that he couldn't afford.

What happened

On 10 December 2013, Mr M applied for a credit account with Home Retail Group. Due to the passing of time, it's not clear what the initial credit limit was. The earliest data we have for the account is from 2015. In January 2015 the credit limit was £540. The credit limit increased five times further until it reached £1700 in February 2019.

In 2020, Mr M complained to Home Retail Group to say that the account shouldn't have been opened for him because it wasn't affordable and that Home Retail Group ought to have made a better effort to understand his financial circumstances before increasing his credit limits.

Our adjudicator recommended the complaint be partially upheld. Home Retail Group didn't agree. So, the complaint has been passed to me to decide.

I issued my provisional decision in respect of this complaint on 5 May 2022, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the adjudicator's view and that it was my intention not to uphold Mr M's complaint. I set out an extract below:

"What I've provisionally 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.

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 e in the wider context. My remit is to take an overview and decide what's fair "in the round".

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.

Our adjudicator's assessment provided a detailed account of all the increases and suspensions of credit, and they are summarised above. Neither party has called the specifics into question, so, I don't intend to cover them off here.

Mr M's complaint is that Home Retail Group made credit available that was unaffordable. It is not straightforward trying to determine affordability because Mr M has not been able to

provide any bank statements from the times in question. Home Retail Group has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer. It's possible that Home Retail Group failed to make adequate checks before providing Mr M with credit and for the credit increases. But even if that's true, I don't think better enquiries would have caused Home Retail Group to think the initial credit limit or the credit increases were unaffordable.

I say this because the initial credit limit was modest and the maximum monthly payments for that credit would have been relatively modest. And subsequently through all of the credit increases the account was mostly well managed. There were some under payments in 2016 but these were very modest. The account was less well managed after the last credit increase, but that would not have impacted on that lending decision. Overall, the payments were not missed or under paid for the most part and Mr M was not using the full credit limit available to him.

I have also noted the credit file that Mr M has provided. I note that for most of the time of the credit there are no adverse markings. There were a number of issues on a bank account but these do not appear to have been consistent, they were made on a relatively modest balance amount and the account settled before the last credit limit increase.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr M 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 Mr M was unreasonable. Further, I'm not persuaded that the way Mr M was managing his account or what Home Retail Group could see of his management of other credit ought to have prompted it to have acted differently than it did.

I know that Mr M will be disappointed with my decision. But I want Mr M to know that I listened to all the submissions made in this case. Having done so, I have not found sufficient evidence to uphold this complaint."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 19 May 2022. Neither Home Retail Group nor Mr M have acknowledged receiving the decision or made any further submission or asked for an extension to do so. I think that both parties have had sufficient time to make substantive further submissions if they had wished to. So, I am proceeding to my 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.

Given that there's no new information for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons for not upholding Mr M's complaint, I have nothing further to add.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 June 2022.

Douglas Sayers
Ombudsman