

## **The complaint**

Ms C complains Home Retail Group Card Services Limited trading as Argos Card have unfairly applied a default to her store card account.

## **What happened**

For reasons outside of her control, Ms C left home unexpectedly in July 2023. My understanding is she was then first able to speak to Argos on 26 October 2023 to find out the situation on her account. She was made aware of the arrears and late payment fees – and was told Argos intended to apply a default by 21 November 2023 and understood making a payment arrangement would prevent a default being applied. Ms C called back on 7 November 2023 to discuss matters further, and it was in this call she was told making the payment arrangement wouldn't prevent the default from being applied.

A termination notice was subsequently sent on 27 November 2023 saying Ms C's account had been suspended, and she now had to pay the full amount of £401.36.

Argos said Ms C called them on 26 October 2023 and, having reviewed the call they had with Ms C and her family member, they could understand why Ms C thought setting up a payment arrangement would prevent a default being registered against her account. They upheld this part of Ms C's complaint and said sorry. They noted Ms C said the reasons that led to the default were out of her control – but said they'd not done anything wrong so wouldn't be removing it.

Unhappy with this Ms C asked us to look into things.

One of our Investigators did so. She found Argos hadn't done anything wrong in applying the default – as Ms C had missed payments for over three months. But, she didn't think Argos had treated her fairly in the call on 26 October 2023, and thought £100 compensation was fair to reflect this.

Argos accepted this, but Ms C didn't. She said she wanted the default to be removed, as it wasn't her fault she wasn't able to keep up with repayments. So, the complaint's been passed 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.

I think it's important to firstly explain our service is here to impartially consider whether a financial business has acted fairly or not – and, if not, to tell them what to do to put matters right.

Here, there are two considerations – the default, and the misinformation given on the phone.

### *Default*

Ms C hasn't disputed that she's missed payments for her Argos store card. And, generally, when it's been more than three months, but usually not more than six months, the Information Commissioner's Office suggests this is a reasonable time period in which for a default to be registered.

From the letters provided by Argos, it's clear they wrote to Ms C at the address they held for her, explaining she wasn't making her payments and what the consequences of that were. The last of these letters before Ms C got in touch was 25 October 2023 and was the Default Notice. This said Ms C had to make up the arrears of £104.41 before 17 November 2023. And, it said if she didn't, Argos may default her account amongst other things.

At this point, I can't reasonably say Argos have done anything wrong. From their perspective, Ms C had stopped paying her account, and hadn't responded to their letters. There is little Argos could do in the circumstances apart from following their normal procedures to default an account.

I realise this will feel unfair to Ms C, as the reason she wasn't able to make payments wasn't her fault. But, in listening to the phone call on 26 October 2023 her family member had with Argos on her behalf – she nor her family member could afford to repay the arrears. But, to avoid the default, that's what she needed to do.

I have also thought about whether Argos could have done something differently given the circumstances. The challenge for them at this point on 26 October 2023 was that Ms C wasn't aware of when her financial position would improve. Defaults last on someone's credit file for six years – and sometimes delaying adding a default is the wrong thing to do – because if the position doesn't improve you've added 'extra time' at the end of the six year period from when the default is added.

At this point, Argos didn't have any information that suggested her position would improve. Ms C was living with a relative, and Argos asked several times about paying off the arrears or balance – and the family member each time said it wasn't possible.

There was another call on 7 November 2023. It's this call where Ms C's family member expressed concern about the wrong information she was given (which I'll deal with in the next section). During this call, it's made clear making a payment plan won't prevent a default. Again, it's discussed about the arrears, but it's made clear these can't be paid – and the most offered is a payment plan of £10 a month.

I've got a lot of sympathy here for Ms C and the position she's ended up in. But given the above I can't fairly say Argos have acted unfairly in recording the default. Although it wasn't Ms C's fault, ultimately she didn't make payments and fell into arrears. Those arrears couldn't be cleared by the specific time Argos asked them to be, and there was no clear path to 'when' they would be. In the circumstances, I find Argos had little choice but to default Ms C's account, so I won't be telling them to remove it.

### *The misinformation on the phone*

It was in the call of 26 October 2023 the misinformation was given regarding the payment plan and that it may prevent the default. In listening to the call I agree it's fair to say this wasn't explained as clearly as it could have been. I think it's reasonable to say the agent of Argos really tried to help – but unfortunately didn't give clear instructions. Ms C's family member was left with the impression the payment plan would prevent the default.

Our service doesn't look to make incorrect information true. So, although that's what Ms C's family member took from the call which she passed on to Ms C, I don't think it'd be right to remove the default for the reasons mentioned above. I do though agree compensation is fair for the impact of the misinformation on Ms C.

So, I agree Ms C was unfortunately misled about what would happen, and £100 compensation is fair for this loss of expectation.

### **My final decision**

For the reasons I've explained above I partially uphold this complaint and require Home Retail Group Card Services Limited trading as Argos Card to pay Ms C £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 1 November 2024.

Jon Pearce  
**Ombudsman**