

The complaint

Miss T complains that Argos Limited trading as Argos Financial Services placed a block on her account. She says that her account fell into arrears because of a direct debit which she didn't authorise. Miss T is unhappy that she wasn't made aware of the block being applied and says that although she requested paperless communications, she didn't receive any emails about her account.

What happened

Miss T held a credit account with Argos.

In November 2021 a direct debit was set up. Argos issued statements on a monthly basis to advise what payments were due and confirmed the payments which had been collected by direct debit.

From May 2022 the account was in arrears after the direct debit payment was returned as unpaid.

Argos sent arrears letters to Miss T by email. A Default Notice was sent by post on 14 March 2023. The Default Notice stated that Miss T had until 6 April 2023 to pay the arrears. Miss T paid the arrears on 23 March 2023, but she missed the next three payments in April, May and June 2023.

In June 2023 Miss T spoke to Argos about the arrears and a repayment plan of £10 per month was set up.

On 13 December 2023 Argos revoked the credit facility on the account.

Miss T says that she tried to use the card in April 2024 and found that it wouldn't work. She contacted Argos, who advised her that the card was blocked, and that once she'd paid the arrears in full the account would be closed.

Miss T complained to Argos. She said she'd never authorised the direct debit and she'd stopped using the account that the direct debit was set up from. Miss T said that no one had contacted her to let her know that the direct debits had been returned from May 2022. Miss T said that Argos hadn't told her that a block had been applied.

In its final response, Argos said the account fell into arrears and it had blocked the account to prevent further spending. Argos said it wasn't obliged to make Miss T aware that the account had been blocked and that it had acted in line with the terms and conditions of the account. Argos said it could see that a direct debit was applied to the account on 23 November 2021 and a letter had been sent to Miss T confirming this. It said payments were collected successfully under the direct debit until May 2022 but that from this point onwards it hadn't been able to collect payments and the direct debit was reversed back to Miss T's account. Argos said it had now cancelled the direct debit.

Miss T remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. She said the terms and conditions of Miss T's account stated that she had to pay at least the minimum payment each month and that when payments were missed, Argos had sent arrears notices to Miss T at the correct address. The investigator said she didn't think Argos had acted unfairly by stopping the spending on the account.

Miss T didn't agree. She said she hadn't set up the direct debit and suggested that someone else could've called Argos and provided her details.

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've reviewed the terms and conditions of the account. These state that Miss T must pay at least the minimum payment every month. Miss T agreed to these terms and conditions when she opened the account. Argos issued statements to Miss T every month which detailed the minimum payment due. The minimum payment was collected by direct debit successfully from November 2021 until May 2022, when the direct debit was returned unpaid.

I can see that Argos sent arrears letters by email to the email address held on file for Miss T. It also sent a Default Notice by post. Although Miss T has said that she'd requested paperless communications and that she didn't receive any emails, I'm satisfied that reminders to view the statements on the online platform and arrears communications were sent to Miss T by email. I think it's more likely than not that Miss T received the Default Notice, because she paid the arrears in full in March 2023.

Miss T then went on to miss further payments in April, May and June 2023. I can see that Miss T spoke to Argos about the arrears in June 2023 and set up a payment plan. The credit facility was revoked in December 2023 and a block was placed on the card to prevent further spending.

I've thought about whether Argos treated Miss T fairly by revoking the credit facility and blocking the card. It's clear that Miss T was having difficulty meeting the payments due on the account and in these circumstances, I'd expect Argos to take act as a responsible lender and take steps to ensure that Miss T didn't fall further into debt. In the circumstances, I don't think it was unreasonable for Argos to revoke the credit facility and block the card.

Miss T is unhappy that her credit file has been affected. Having reviewed the account, I can see that Miss T missed several payments. Argos – like all other lenders – is obliged to report accurate information to the credit reference agencies. In this case, I don't think Argos made an error when it reported the missed payments, as this was an accurate reflection of the state of the account.

Miss T is also unhappy that she's been charged late payment fees and over limit charges. The terms and conditions of the account state that these fees and charges can be applied in circumstances where payments are late or missed, and where spending exceeds the credit limit. I'm unable to say that Argos has made an error because the charges have been applied in line with the terms and conditions.

Miss T has said that she never requested or authorised a direct debit on the account. Argos has said that the direct debit details were provided during a telephone call in November 2021. It no longer has a recording of the call due to passage of time, but says it sent a letter to Miss T at the address held on file advising her that the direct debit was set up and confirming the bank details.

Miss T has said that someone else could've set up the direct debit. I think this is unlikely, unless Miss T provided someone else with her bank details. In any event, if Miss T was unhappy about the direct debit, I would've expected her to query this when she received the letter advising that it had been set up, or that she would've queried it between November 2021 and May 2022 when the direct debits were successfully collected from her bank account.

Taking all of the available information into account, I've not seen anything to suggest that Argos has made an error or treated Miss T unfairly or unreasonably. I won't be asking them to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 28 November 2024.

Emma Davy
Ombudsman