

The complaint

Mrs O complains that Home Retail Group Card Services Limited trading as Argos Card charged her interest on purchases made using her catalogue shopping account.

What happened

Mrs O has had a catalogue shopping account with Argos for a number of years. In 2023, Mrs O took out two Buy Now Pay Later (BNPL) plans for £36.64 and £48.32, which were due to be repaid by 2 January 2024.

On 4 December 2023, Argos sent Mrs O a letter with her monthly statement. The letter said Mrs O's BNPL plans were due to end on 2 January 2024, and a total of £7.75 deferred interest would be charged on any remaining balance at the end of the plan. The letter went on to explain that once Mrs O's plans had ended, the remaining balance would be added to her "Normal Credit Balance" and she would be charged interest on that amount, backdated from the date of purchase.

Mrs O's statement dated 4 January 2024 shows she repaid the £36.64 plan on 9 December 2023. As the full outstanding balance was not repaid, Argos applied £3.19 of deferred interest on 4 January 2024. The statement showed Mrs O had a new BNPL plan for £56.25 ending on 2 April 2024.

On 2 February 2024, Mrs O complained to Argos it had charged her interest. On 14 February 2024, Argos said it had refunded the £3.19 interest as a gesture of goodwill. Argos added it had notified Mrs O the BNPL plans would end, and interest would be applied in December 2023.

Argos wrote to Mrs O on 3 March 2024 to say her BNPL plan for £53.25 would end on 2 April 2024 and, if the plan was not repaid in full, £5.00 of deferred interest would be applied.

Mrs O called Argos on 2 April 2024. During this call, Mrs O said she was not able to make a payment that day and was waiting for her universal credit. Mrs O said she could pay half tomorrow. Argos's agent said the payment due today was £53.25 and if the payment wasn't made, it would become a normal credit balance and there would be a one off charge of deferred interest and Argos would only be looking for a minimum repayment going forwards.

Mrs O went on to make a payment of £23.25, which was credited to her account on 4 April 2024. The same day, Argos charged interest of £2.78 of deferred interest.

Mrs O made a further payment of £30 on 27 April 2024, and she was charged a further £0.85 interest on 3 May 2024.

On 4 June 2024, Mrs O was charged £0.26, after making a £5 payment towards her outstanding balance on 31 May 2024. The minimum repayment due by 2 July 2024 was £3.89.

Mrs O spoke to Argos on a number of occasions on 30 June, 2 and 3 July 2024. During these calls, Mrs O asked why she was still being charged interest and she would not pay it. Mrs O wanted to make a new complaint.

On 4 July 2024, Mrs O was charged £0.10 interest on her outstanding balance. As no payment was received in June 2024, Mrs O was charged a £12 late payment fee.

On 19 July 2024, Argos wrote to Mrs O again. It said it was responding to Mrs O's complaint of 30 June 2024. Argos referred to its letter of 14 February 2024, saying it had told her deferred interest would be charged to her account in April. Argos said it would not refund any interest applied to Mrs O's account correctly. Argos noted Mrs O had been charged interest of £0.26 and a late payment charge on 2 July 2024.

Our Investigator told Mrs O our Service would not consider any interest applied to her account after Argos's letter of 19 July 2024. Our Investigator listened to Mrs O's call with Argos on 2 April 2024 and thought Argos had told Mrs O that it would charge her interest if her BNPL plan was not repaid on time. Our Investigator didn't recommend Mrs O's complaint about the interest applied to her account be upheld. The Investigator said Mrs O should contact Argos directly about the options available to her if she struggles to keep up the repayments due on her account. Mrs O didn't accept our Investigator's opinion, so this has come to me for a 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.

Argos has consented to our Service considering interest applied to Mrs O's account until 19 July 2024. I have not considered any interest or charges applied after this date.

Mrs O had two BNPL plans expiring in January 2024. I think Argos told Mrs O clearly when the BNPL plans would end and how much interest she would pay if they were not repaid in full on time. I have reviewed the terms of Mrs O's credit agreement, which entitled Argos to charge interest on normal credit balances. So, I think Argos was entitled to charge Mrs O deferred interest on the balance of the BNPL plan that was not repaid on time. As a gesture of goodwill, Argos refunded the £3.19 interest. Mrs O's statements, which she can check for herself, show the £3.19 was refunded on 4 January 2024. I would not have asked Argos to refund the interest, which it was entitled to charge.

Mrs O had another BNPL plan ending in April 2024. Again, Argos told Mrs O when the BNPL would end and how much interest she would be charged. Mrs O did not repay the BNPL in full on time, so Argos charged £2.78 of deferred interest on 4 April 2024. It charged £0.85 interest on Mrs O's normal credit balance on 3 May 2024, £0.26 on 4 June 2024 and £0.10 interest on 4 July 2024. Argos has not refunded these amounts, totalling £1.21.

I have seen no evidence to suggest Argos charged interest incorrectly – as I said above, Argos was entitled to apply interest on the outstanding balance in line with the terms and conditions of the account, which she agreed to when she opened her account. Mrs O's statements clearly showed the estimated interest and interest rates that applied to Mrs O's account. So, I cannot uphold Mrs O's complaint that she should not have been charged any interest on her account. I also note the terms and conditions of Mrs O's account also say Mrs O will be charged a £12 fee for late payments, and I cannot see that Argos has charged any late payment fees incorrectly.

Mrs O says was out of work and unwell, and I am sorry she has been in difficult

circumstances. But Mrs O's circumstances do not mean Argos must waive the interest owed under the terms and conditions of the account. Argos is not obliged to extend Mrs O's BNPL plans beyond their end dates. Argos asked Mrs O if she needs any help in managing her account, but I note she was making the minimum repayments owed on her account until she missed a payment in June 2024. Overall, I do not think Argos needed to do anything further to assist Mrs O prior to 19 July 2024. If Mrs O is finding it difficult to keep up with her repayments, she should discuss her options with Argos directly.

My final decision

I realise my decision will likely disappoint Mrs O, but I have not upheld her complaint for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 30 December 2024.

Victoria Blackwood
Ombudsman