

## **The complaint**

Mr R complains that Home Retail Group Card Services Limited was irresponsible in its lending to him. He wants all interest, fees and charges refunded along with interest and any adverse information removed from his credit file.

Mr R is represented by a third party but for ease of reference I have referred to Mr R throughout this decision.

## **What happened**

Home Retail Group Card Services Limited provided Mr R with an Argos credit card in July 2017. The initial credit limit was £1,000 and this was increased on several occasions with the final credit limit set at £4,320 in October 2022.

Mr R says that Home Retail Group didn't carry out adequate checks to ensure the repayments on the credit card were affordable for him. He says he has struggled to make his repayments.

Home Retail Group issued a final response not upholding Mr R's complaint. It said that Mr R was provided with an Argos credit card account in July 2017 and as part of the account opening process a credit search was undertaken. It said Mr R's application was credit scored and he met its lending criteria, and the initial limit was considered affordable. It said any credit limit increases were considered based on an affordability assessment using information about how a customer has managed their account alongside information from the credit reference agencies. It said that appropriate checks were carried out before the lending and there were no affordability concerns.

Mr R referred his complaint to this service.

Our investigator explained that Home Retail Group had consented to all lending decisions being considered. She noted that the initial credit limit of £1,000 was raised on five occasions to £3,000 in April 2020. And while further credit limit increases took place as Mr R's account balance didn't ever exceed the £3,000 credit limit, she was satisfied that the additional limit increases hadn't caused him any detriment.

Our investigator thought it would have been reasonable for Mr R's income to have been verified and for further questions to have been asked about his committed expenditure before the lending was provided. However, she found that Mr R had managed his account well between August 2017 and June 2024 and while there were the occasional late payments there were no sustained arrears recorded on the account. She noted that Mr R cleared the account balance in June 2021 and May 2023 and made frequent overpayments and maintained a low balance compared to the credit limit. She looked at Mr R's current account statements and found he was receiving a regular income in addition to other payments into his account. She saw that Mr R was using his overdraft but that he was clearing this each month and there were no signs that he was experiencing financial difficulty. She noted Mr R's credit report showed he was up to date with his accounts. Based on this she thought that proportionate checks would have shown the lending to be affordable.

for Mr R.

Mr R didn't agree with our investigator's view.

### **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr R was provided with an Argos credit card in July 2017 with a credit limit of £1,000. This was increased seven times to £4,320 in October 2022. However, as Mr R's account balance didn't ever exceed the £3,000 credit limit (applied in April 2020), I do not find that he was disadvantaged by any increases beyond that. Therefore, this decision considers the initial provision of the credit card and the credit limit increases up to £3,000 in April 2020.

Given when the credit card account was provided, there is limited information available. However, I note that Home Retail Group said that a credit check was undertaken, and credit scoring carried out. It has said that affordability assessments based on Mr R's account management and credit reference agency data were undertaken before the credit limit increases. Noting the credit limits being provided, I think it would have been reasonable to check Mr R's income before lending to ensure the repayments on the credit card account would be affordable for him.

I have therefore looked through Mr R's bank account statements to understand what income checks would have shown at the time. I have also looked at the credit report Mr R has provided and through his account statements to understand how he managed his account.

Taking all of this into account, I do not find I can say that Home Retail Group was wrong to provide the credit card account with the initial credit limit or to apply the limit increases to £3,000. I say this because Mr R's bank statements for the months leading up to the credit card being provided show him receiving a regular monthly income of over £2,000. His account does not show signs of financial difficulty and noting the size of the credit limit and associated repayments I do not find I have enough to say that this shouldn't have been provided.

Mr R generally maintained his account well and while there were a few missed payments, these were brought up to date with no sustained periods of arrears. Mr R kept the account balance below the credit limit and was often comfortably below this. He also often made repayments for amounts above the minimum amount. Therefore, I do not find his account management raised concerns that meant the credit limit increases shouldn't have been provided. I also do not find that the credit report provided by Mr R shows signs that he was struggling financially at the time the credit limit increases were applied.

I looked at Mr R's bank statements for the months leading up to the credit limit increases. While I can see that Mr R was making use of his overdraft, he was also receiving a regular income that supported the lending being provided. Based on the evidence I have seen, I do

not find I can say that the credit limit increases should have been considered unaffordable for Mr R.

I've also considered whether Home Retail Group acted unfairly or unreasonably in some other way given what Mr R has complained about, including whether its relationship with Mr R might have been unfair under Section 140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Home Retail Group lent irresponsibly to Mr R or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 January 2025.

Jane Archer  
**Ombudsman**