

The complaint

Mr H complains that Home Retail Group Card Services Limited trading as Argos Card was irresponsible in its lending to him.

What happened

Mr H was provided with an Argos credit card in April 2020 with an initial credit limit of £1,350. The credit limit was increased on four occasions between September 2021 and April 2023, with the credit limit in April 2023 being £2,350. The credit limit was then reduced to £2,260 in February 2024. Mr H has explained he suffers from physical and mental health conditions including depression. He said he has a low income and struggles to make his repayments to Argos which is further damaging his mental health. Mr H referred his complaint to this service.

Argos issued a final response to Mr H's irresponsible lending complaint. It said that as part of the application process, a credit search is performed, and credit scoring takes place to assess whether credit should be provided. It explained that the credit scoring is based on information gained through the application and the credit reference agencies. It said that when Mr H applied for credit it met its lending criteria and so his application was approved.

Argos said that any credit limit increases were considered after an affordability assessment was conducted using information about how a customer manages their account alongside information from the credit reference agencies. It said that appropriate checks were undertaken before the lending was provided and didn't uphold Mr H's complaint.

Our investigator noted the information provided by Argos about the checks undertaken when the credit account was provided. He said this was limited and noting the initial credit limit he wasn't satisfied that reasonable and proportionate checks had taken place. He also thought this to be the case in regard to the credit limit increases.

Given the above, our investigator assessed what Argos would likely have identified had proportionate checks taken place before the lending decisions were made. He considered the information contained in Mr H's bank statements and responses to further questions and he didn't find that he could say further checks would have shown the lending to be unaffordable.

Mr H didn't accept our investigator's view. He said that Argos hadn't provided evidence to show that proportionate checks took place and that his credit limit was increased even though he was only making the minimum payments on his account. He said he used cash to pay for his expenses which was why his expenses couldn't be seen on his bank statements.

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.

Before the account was opened, Argos has said that credit scoring was carried out based on information gained through the application process and from the credit reference agencies. It gathered information about Mr H's employment and income which it said was validated by credit reference agency data. While a credit check was undertaken only limited details have been provided. Based on the information that Argos has been able to supply I do not find I can ascertain whether proportionate checks took place before the credit card account was provided.

Likewise, based on the evidence that Argos has supplied, I do not find I have enough to confirm that reasonable checks took place before the credit limit increases were applied. Therefore, I have looked at the additional information that Mr H has supplied, including his bank statements, to understand what proportionate checks would likely have identified.

Account opening April 2020

In the months leading up to the account being opened, Mr H was receiving income totalling around £1,000 a month. His statements didn't show any payments for housing or associated costs. Mr H has explained that he lived with his parents and due to his health condition, his family helped him manage his money and that he paid for food and a contribution towards living costs by cash.

I can see from Mr H's bank statements that he did make substantial cash withdrawals but without further evidence to say that these were entirely for non-discretionary costs, I find it reasonable to include a portion of these as his regular expenses. Mr H has provided a copy of his credit report. While I accept this may not include all of the credit information that was available when the account was opened (given the report was produced in 2024) it doesn't show Mr H to have other credit commitments at the time. So, based on the information I have seen, I do not find that I have enough to say that proportionate checks would have shown the credit account, with an initial credit limit of £1,350 to be unaffordable for Mr H.

Credit limit increase 1: September 2021: £1,350 to £1,600

Looking through Mr H's credit card statements for the months leading up to the credit limit increase, I cannot see evidence that he was struggling to manage his account. His balance remained within the credit limit, and he didn't incur any late payment fees and he was making at least his minimum monthly repayments.

Mr H's bank statements from the time show he was receiving an income of over £1,000 a month. He was making payments of around £38 for a credit commitment as well as his payments towards his Argos card. Mr H was making cash withdrawals but, as noted above I cannot say that these were entirely for non-discretionary costs. However, taking a portion of the cash as his expenses, I do not find I have enough to say that reasonable checks would have shown the credit limit increase to be unaffordable.

Credit limit increase 2: June 2022: £1,600 to £1,850

Mr H's credit card statements for the months leading up to the credit limit increase, didn't

show that he was struggling to manage his account. His bank statements from the time show he was receiving an income of over £1,000 a month. He was making payments for another credit account as well as his payments towards his Argos card. Mr H was also paying for food and other general costs as well as withdrawing cash. However, taking this all into account, I do not find I have enough to say that Mr H's commitments were such that proportionate checks would have suggested the credit limit increase to be unaffordable.

Credit limit increase 3: November 2022: £1,850 to £2,100

Mr H's credit card statements for the months leading up to the credit limit increase, didn't show that he was struggling to manage his account. His bank statements from the time show he was receiving an income of over £1,000 a month. He was making payments towards other credit commitments, but these weren't such that I think they should have raised concerns about Mr H's indebtedness and his credit report doesn't suggest he was struggling to manage his commitments. Mr H made limited other payments for food and general costs as well as cash withdrawals. However, based on the evidence I have seen, I do not find I have enough to say that Mr H's commitments were such that proportionate checks would have suggested the credit limit increase to be unaffordable.

Credit limit increase 4: April 2023: £2,100 to £2,350

Mr H's credit card statements for the months leading up to the credit limit increase, didn't show that he was struggling to manage his account. His bank statements from the time show he was receiving an income of around £1,000 a month. He was making payments for other credit accounts as well as his payments towards his Argos card. But as previously explained I do not find these payments suggested that he was overindebted and his credit report didn't show that he was struggling to manage his commitments at the time. Mr H was making limited payments for other general costs as well as withdrawing cash. However, as noted above, I do not find I have enough to say that Mr H's commitments were such that proportionate checks would have suggested the credit limit increase to be unaffordable.

I've also considered whether Argos acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with Mr H might have been unfair under Section 140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Argos lent irresponsibly to Mr H 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 H to accept or reject my decision before 5 February 2025.

Jane Archer
Ombudsman