

The complaint

Mr M complains that Home Retail Group Card Services Limited trading as Argos Financial Services have irresponsibly lent to him.

Mr M is represented by a Claims Management Company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr M himself.

What happened

Mr M was approved for an Argos card in July 2019 with a £500 credit limit. Mr M says that Argos irresponsibly lent to him, and he made a complaint to Argos, who did not uphold his complaint. Argos said that at the time the application was made, the relevant lending criteria was met, and the checks completed didn't raise any potential risk factors. Mr M brought his complaint to our service.

Our investigator did not uphold Mr M's complaint. He said Argos made a fair lending decision. Mr M asked for an ombudsman to review his complaint. He said he had taken out six short term loans in the six months prior to being approved for the Argos card, which his credit file showed, and he was £929 into his £1,500 overdraft limit at the time of being approved for the account.

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.

Before agreeing to approve the credit available to Mr M, Argos needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Argos have done and whether I'm persuaded these checks were proportionate.

Argos said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr M had provided before approving his application. The information showed that Mr M was full time employed. Argos' checks show the risk scores that the CRA returned for Mr M prior to the account being opened. The risk scores showed a customer indebtedness index (CII) of 39 for Mr M. A CII score of over 50 would typically mean a customer is overindebted.

Mr M's risk score was 609 prior to the application being approved. The risk score is calculated using a scorecard which considers previous arrears and defaults on a consumer's credit file, recent searches, applicant age, as well as bureau scores. Argos considered a score of 600+ to be a pass at the time his application was approved, and therefore Mr M passed this threshold.

Argos are not required to obtain Mr M's full credit file, so they would not be necessary aware of the recent applications Mr M said he made for short term lending. And it can take a CRA typically 4-6 weeks to update a credit file. In addition to this, not all lenders report to all of the different CRA's. So it wouldn't have been proportionate here, when Mr M appeared to not be overindebted, and for the amount of the credit approved, to complete further checks prior to the account being approved.

So I'm satisfied that the checks Argos carried out here, prior to approving the initial £500 credit limit were proportionate and that Argos made a fair lending decision to approve Mr M's application.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Argos lent irresponsibly to Mr M 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. So it follows I don't require Argos to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 September 2025.

Gregory Sloanes
Ombudsman