

The complaint

Mr H is unhappy with how Home Retail Group Card Services Limited, trading as Argos, have administered his credit account.

What happened

Mr H had a credit account with Argos which had an outstanding balance. In February 2018, Mr H entered a debt management plan with a third party and his Argos account was included in that plan. Argos then transferred Mr H's account to a debt recovery agency ("DRA") which collected payments from H's debt management company in line with the debt management plan.

In 2023, Mr H reviewed his credit file and noticed that Argos were reporting missed payments on his account. Mr H contacted Argos who explained that the account had been recalled from the DRA in May 2021, and that they hadn't received any payments from Mr H or his debt management company from that time. Mr H wasn't happy about this, especially as Argos had seemingly recalled his account from the DRA – to which monthly payments were being made – without reason, and because Argos had never then contacted him to request payment on the account. So, he raised a complaint.

Argos responded to Mr H but didn't feel that they'd done anything wrong by administering his account as they had, including the reports they were making to the credit reference agencies, which Argos felt were accurate and correct. However, Argos noted that they were now implementing a new policy, which hadn't been in place when Mr H entered a debt management plan, whereby they now defaulted accounts in circumstances such as Mr H's from the date the debt management plan started. Because of this, Argos arranged for Mr H's account to be retrospectively defaulted with a default date of March 2019. Mr H wasn't satisfied with Argos' response, so he referred his complaint to this service.

One of our investigators looked at this complaint and liaised with Mr H and Argos about it. During their review, Argos noted that they had backdated Mr H's default incorrectly to March 2019, when in fact it should have been backdated to February 2018. Argos apologised for this, confirmed that they would correct the credit file reporting, and offered to pay £50 as compensation to Mr H for any trouble or upset the incorrect default date may have caused.

Upon consideration, our investigator didn't feel that Argos had acted unfairly towards Mr H in how they'd administered his account, and they felt that £50 Argos had offered Mr H for the incorrect backdating of the default they'd applied to his account did provide fair compensation to Mr H for that error. Mr H didn't agree that Argos hadn't treated him unfairly, so the matter was escalated to an ombudsman for a final 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.

Mr H has said that he was making monthly payments to the DRA, and that Argos randomly

recalled his account from the DRA, meaning that the payments he was making to the DRA to the account stopped.

However, Argos have provided information to this service which persuades me that while payments were being received by the DRA from Mr H until January 2021, no payments were received after that date. Furthermore, rather than it being the case that Argos recalled the account from the DRA in May 2021, as Mr H has claimed, the DRA returned Mr H's account to Argos on May 2021 because they were no longer able to collect payments on the account, because Mr H had stopped making them several months earlier, in January 2021.

Argos have confirmed that once Mr H's account was returned to them by the DRA, in May 2021, they didn't reach out to Mr H to chase payment on the account, because they had initiated a 'no chase' policy when Mr H had engaged the services of a debt management company.

Mr H feels that Argos acted unfairly by not chasing him for payment. But I don't feel that this was the case, especially as Mr H had stopped making payments several months before the DRA returned his account to Argos.

When Mr H entered the debt management plan, he was aware that he owed £520.40 to Argos. And I feel that it was Mr H's responsibility, as the account holder, to have understood that the payments he made to Argos, at the time that they stopped being made to Argos in January 2021, only totalled £210 – such that £310.40 was still owed by him to Argos. And I feel that Mr H's responsibility in this regard remained in place, even though Argos weren't actively chasing Mr H for payment themselves.

Ultimately, Mr H owed Argos money that he didn't repay. And so, I don't feel that Argos did act unfairly by reporting the fact that Mr H wasn't making payments to his account to the credit reference agencies, because I'm persuaded that those reports were an accurate reflection of how Mr H was managing the outstanding balance that remained on his Argos account, which as the account holder he should have been aware of. And if Mr H was of the mistaken belief that his Argos account had been fully repaid, I don't feel that Argos should be considered to hold any responsibility or accountability for Mr H's mistake in that regard.

Mr H feels that Argos have adversely impacted his credit file by reporting the missed payments to his account. But I don't accept Mr H's position here. Rather, I feel that Mr H, by not ensuring that monthly payments were made to his Argos account until the outstanding balance was cleared, has missed payments to his account which have then been accurately reported to the credit reference agencies by Argos.

When Argos reviewed Mr H's complaint, they agreed to retrospectively implement a policy that wasn't in place when Mr H entered a debt management plan and default his account from the date that he entered that plan. Argos' initially used an incorrect default date but have since corrected that mistake and offered £50 compensation to Mr H for what happened. This feels fair to me, and I don't feel that Argos should reasonably be instructed to do anything further in this regard.

Mr H has argued that Argos' use of the incorrect date has caused him to be rejected for credit applications. I've therefore asked Mr H to provide a copy of his full credit file, so that I can get a better understanding of Mr H's financial position, including whether Mr H had other potentially adverse markers on his credit file that might also have contributed to Mr H not being able to obtain credit. However, Mr H didn't respond to the requests I made in this regard, and as such I don't feel that it can fairly or reasonably be concluded that Argos' mistake did have the conclusive adverse effect on Mr H that he claims.

Furthermore, I don't feel that Argos were under any reasonable obligation to have retrospectively applied the policy that they did. And if Argos hadn't applied that policy, then the reporting to Mr H's credit file would have been potentially more adverse than the incorrect default date reporting that Argos have since corrected. And that reporting would have been correct.

All of which means that while I will be upholding this complaint in Mr H's favour, I'll only be doing so on a limited basis to instruct Argos to pay the £50 compensation to Mr H that they've already agreed to pay – if they haven't made that payment to Mr H already. And I won't be issuing any further instructions to Argos beyond this. Finally, I note that Argos' amendment of the default date to February 2018 means that this default date is over six years ago and so is no longer visible on Mr H's credit file.

I realise this might not be the final decision that Mr H had wanted, but I trust that he will understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Argos must pay £50 to Mr H – if they haven't done so already

My final decision

My final decision is that I uphold this complaint against Home Retail Group Card Services Limited, trading as Argos, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 July 2025.

Paul Cooper
Ombudsman