

## **The complaint**

Mrs H complains that Home Retail Group Card Services Limited trading as Argos Financial Services (Argos) lent to her irresponsibly when they provided her with a store card and later increased her credit limit.

## **What happened**

In November 2022, Mrs H was provided with a store card by Argos, which allowed her to purchase goods up to a credit limit of £1,000. The credit limit was later increased to £1,500 in April 2024, and then to £2,000 in September 2024.

In 2025, Mrs H complained. In summary, she said Argos had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

Argos didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the card had been provided, and the limit increases granted. So, they were satisfied they had lent responsibly.

Mrs H disagreed; she still thought that Argos were wrong to have lent to her. So, she referred her complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, she didn't think Argos had done anything wrong. In short, the Investigator said:

- She couldn't safely conclude that reasonable and proportionate checks had been carried out by Argos based on the information they had provided.
- From the evidence Mrs H had now provided - which included her credit file and bank statements - there was nothing that would have suggested to Argos that they should have had any concerns about Mrs H's ability to maintain her repayments at the time of their lending decisions. And there was nothing to show that Mrs H was struggling financially and/or wouldn't be able to afford the repayments towards this card, both initially, and after the credit limit increases.
- Any financial struggles, which did materialise for Mrs H later, wouldn't have been apparent to Argos at the time they provided Mrs H with the store card or when they increased the card's limit.
- Overall, with that in mind, Argos hadn't acted unfairly or unreasonably in giving Mrs H this card, or in later increasing her credit limit.

Mrs H disagreed; she maintained that she'd been irresponsibly lent to by Argos.

So, as no agreement has been reached, Mrs H's complaint has now been passed to me to decide.

## **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.

Having done so, while this will no doubt disappoint Mrs H, I agree with the findings of our Investigator for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mrs H was provided with the credit, and at the time they later increased Mrs H's credit limit, required Argos to carry out a reasonable and proportionate assessment. That's to determine whether she could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mrs H. So, Argos had to think about whether repaying the credit sustainably would cause her difficulties, or other adverse consequences. In other words, Argos had to consider the impact of any repayments on Mrs H.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Argos did what they needed to before agreeing to lend to Mrs H.

Here, before agreeing to initially lend, Argos carried out a credit search. They said they took all of the information they gathered at the application stage alongside the information they obtained from various credit reference agencies, and having done so, they were satisfied that Mrs H met their lending criteria; and that an initial credit limit of £1,000 would be affordable for Mrs H.

While the checks carried out here sound proportionate, the level of detail that Argos have been able to provide our service from the results of those checks is limited. So, in this instance, I've used information provided by Mrs H, to try and recreate what proportionate checks would have likely showed Argos, at the time of their initial lending decision.

Given the amount being borrowed initially, I think as a minimum, Argos should have carried out a credit search and established Mrs H's monthly income, to work out whether or not she could afford to maintain any repayments due sustainably. So, I've looked at both the bank statements and the credit file Mrs H provided to see what her circumstances were at the time.

Having looked at Mrs H's monthly income, it seems that around the time of the initial lending, she had a monthly income of just under £2,200. However, Mrs H has argued that part of this was not regular income and was related to personal possessions she was selling. So, having excluded that element, it seems Mrs H's monthly income was closer to around £2,100 at the time of the initial lending.

It seems from Mrs H's credit report that her monthly mortgage repayment was around £570, and her other monthly credit commitments came out at just under £550 a month, totalling around £1,100 together. Given that this would have left Mrs H with around £1,000 monthly to cover household bills and general living expenses; along with the fact that her credit file didn't show any signs of her struggling with credit - such as any defaults, County Court

Judgments (CCJs), or missed payments - I think it was reasonable for Argos to conclude that providing Mrs H with the store card, with an initial limit of £1,000, would have likely been affordable for her.

Turning next to the two credit limit increases Argos approved in April and September of 2024, I agree with the investigator, that given the passage of time that had passed when these limit increases were authorised, Argos should've checked again, to ensure that Mrs H's Incomings and outgoings were such, that she would be able to afford to sustainably meet the repayments due. So, I've again, looked at the bank statements and credit file provided, to help build a clearer picture of Mrs H's financial position at the time.

Around April 2024, before the first credit limit increase to £1,500, it seems Mrs H's monthly income now averaged out at around £2,500 a month. Her monthly payments towards her mortgage, council tax, utilities and credit commitments, averaged out at around £1,700 a month, leaving Mrs H with around £800 a month in disposable income. This is before including any further incoming payments to her account, such as the regular £600 payments coming in monthly.

As well as having sufficient disposable income meet the repayments under the new credit limit, Argos had now also seen 17 months' worth of repayment history from Mrs H, with all payments being made on time, and Mrs H often paying more than the minimum amount due. So, based on what proportionate checks would have likely shown Argos, I haven't seen anything that would have led them to believe that Mrs H would not be able to maintain payments under the new credit limit sustainably.

Around September 2024, before the second limit increase to £2,000, it seems Mrs H's monthly income now averaged out at around £2,750 a month. Her total monthly outgoings, which included her mortgage, council tax, utility bills and credit payments, was in the region of £1,900. Leaving Mrs H with a disposable monthly income of around £850. This was before adding in any further income from payments into her account from a third party of around £900. So, again, based on the information I think Argos would have likely seen at the time of this lending, there was still nothing to suggest to Argos that Mrs H would not be able to sustainably repay the credit following a credit limit increase to £2,000.

I appreciate that based on what Mrs H has told us now, that her financial position may not have been as strong as things appeared to be at the time the store card was taken out, or her credit limit later increased. But it's important to note, that I wouldn't have expected Argos to have carried out a full review of Mrs H's circumstances, given the credit limit they were providing, and the information I think it's likely they would have gathered through their checks. So, while there may be some disparity between Mrs H's actual financial position at the time of the lending, and the information Argos obtained, I've seen nothing to suggest that Argos needed to go any further than asking Mrs H about her income and relying on data they would have obtained from their credit checks.

I am sorry to disappoint Mrs H; I know this won't be the outcome that she's hoping for, and I certainly don't mean to downplay the impact she's said this matter has had on her. But it's for the reasons I've explained, that I don't think Argos acted unfairly or unreasonably when they provided her with a store card with a £1,000 limit, or when they later increased her credit limit on two occasions. As I think the checks they should've carried out, would have shown the credit to be affordable. So, it follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Argos of their obligations to exercise forbearance moving forward. I would certainly encourage Mrs H to keep in regular contact with Argos about any difficulties she's now facing in maintaining any outstanding repayments that may be owed.

Finally, 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 don't think Argos lent irresponsibly to Mrs H or otherwise treated her 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 Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 22 October 2025.

Brad McIlquham  
**Ombudsman**