DRN-5779370

The complaint

Ms N complains that Home Retail Group Card Services Limited trading as Argos Financial Services (Argos) lent irresponsibly when it approved her credit card application.

What happened

- In April 2017 Ms N applied for an Argos credit card.
- Argos has explained it hasn't retained the specific application Ms N completed or the credit file results it obtained.
- Argos says it applied its lending criteria, credit scoring Ms N's application, and decided to proceed.
- Argos issued a credit card with a £2,400 limit.
- Around June 2022 Argos agreed a payment arrangement with Ms N, suspending interest and reducing the monthly payment.
- Last year, Ms N complained that Argos lent irresponsibly and it issued a final response.
- Argos said it had carried out the relevant lending checks before approving Ms N's application and didn't agree it lent irresponsibly.

An investigator at this service investigated Ms N's complaint. Argos submitted its case file for review but it hadn't retained the application Ms N completed, the credit file results it obtained or details of her income due to the amount of time that's passed. Argos was able to supply some details from Ms N's application including a risk score as well as credit scoring results.

Our investigator wasn't persuaded the information provided by Argos was sufficient to show reasonable and proportionate lending checks were completed before approving Ms N's application. Due to this, the investigator checked Ms N's bank statements for the three months before her application was made. The investigator thought Ms N's bank statements demonstrated that she had enough disposable income to sustainably afford a new credit card with a £2,000 and didn't agree Argos lent irresponsibly.

Ms N asked to appeal, so her complaint has been assigned to me to make a 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.

Before agreeing to lend, the rules say Argos had to complete reasonable and proportionate checks to ensure Ms N could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. What's reasonable and proportionate will vary depending on considerations like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;

- The duration of the agreement;
- The costs of the credit; and
- The consumer’s individual circumstances.

That means there’s no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what’s reasonable and proportionate. Lenders may choose to verify a borrower’s income or obtain a more detailed understanding of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As noted above, Argos has only been able to supply a limited amount of information showing the types of checks it completed when Ms N applied for her credit card. I’ve seen a risk score and credit scoring process were used to make a decision. But without being able to review any application information or results from Ms N’s credit file I’m unable to say whether the conclusions reached by Argos were reasonable. Based on the available information, I haven’t been persuaded that Argos completed reasonable and proportionate lending checks. As I’m unable to conclude Argos completed reasonable and proportionate lending checks I’ve gone on to consider if these checks had been done, what would they have shown. One option for doing so is to review Ms N’s bank statements to get a better understanding of her circumstances before April 2017.

I’ve seen that in February 2017 Ms N received a payment of £4,795 into her account and used that to make manual payments to various credit accounts she held. I’ve disregarded the payment Ms N received and the additional or manual payments she made to her creditors for the purpose of this decision. From what I’ve seen, on average, Miss N earned £1,897 a month. And Ms N’s regular outgoings for items like her mortgage, utilities, existing debts, insruance, DVLA payments, mobile phone costs, supermarket spending and transport came to an average of around £1,675 a month. That means Ms N had around £222 a month remaining after covering her existing outgoings and commitments.

In my opinion, Ms N’s bank statements show she was able to sustainably afford repayments to a credit card with a £2,000 limit. Based on the information I’ve seen, I think it’s more likely than not that if Argos completed more detailed lending checks like reviewing Ms N’s bank statements it would’ve still approved her application. I’m very sorry to disappoint Ms N but I haven’t been persuaded Argos lent irresponsibly.

I’ve considered whether the business dealt with Ms N unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I’ve already given, I’m satisfied that Argos lent irresponsibly to Ms N or otherwise treated Ms N unfairly. I haven’t seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don’t uphold Ms N’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms N to accept or reject my decision before 1 October 2025.

Marco Manente
Ombudsman