

The complaint

Miss W is complaining that Home Retail Group Card Services Limited trading as Argos Financial Services (Argos) unfairly defaulted her account.

What happened

Miss W took out a credit account with Argos online on 8 July 2023. She used this to pay for an item costing £279 on a six month buy now pay later (BNPL) plan.

It doesn't appear Miss W made any payments towards the debt in the six months, and she didn't make the minimum monthly payments when the BNPL period ended in February 2024. As a result, Argos sent emails to Miss W about the arrears on the account as well as issuing statements showing the arrears.

Miss W called Argos in April 2024 about the arrears but declined to make payment as she was unhappy with the product and decided to contact Argos retail instead.

As the arrears continued to accrue on the account and Miss W hadn't made a payment or arranged a payment plan, a default notice was sent to her by post on 9 May 2024 letting her know how much she needed to pay and by what date, to prevent the account from defaulting. As no payment was received the account defaulted in June 2024.

Miss W has said the whole situation was confusing. She didn't realise that Argos retail and Argos credit weren't the same business, and she told Argos over the phone in April 2024 that she didn't realise she'd used a credit account with Argos to buy the item.

Miss W has said she didn't receive the default notice and that it wasn't made clear when payment needed to be made by. She said she received an email about a minimum payment due in July 2024 and so didn't think a default would be registered until at least then. Miss W also thinks that Argos defaulted the account too early and didn't allow her the required three months to sort things out.

Miss W explained that the item she purchased was not the same as the one she had seen advertised and so she was attempting to return it. But she was having difficulty as she couldn't get into a store. After the call in April 2024, she had hoped to have the item returned and refunded. However, she later found that Argos had defaulted the account.

In October 2024 Miss W complained to Argos about the default. Argos responded saying that it didn't think it had acted unfairly and that it wouldn't be removing the default. However, it recognised some customer service failings in relation to the handling of her complaint and offered her £50 compensation. Unhappy with this response, Miss W referred the case to this service.

One of our investigators considered the case but didn't agree that Argos had acted unfairly and so didn't ask it to do anything further.

Miss W was unhappy that our investigator hadn't recommended the default be removed. So,

she asked for a decision – and the complaint's been passed to me.

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 I issued a provisional decision saying:

"I can appreciate that Miss W may not have initially realised that Argos retail and Argos Financial Services were separate businesses. However, the distinction was made clear to Miss W in her call with Argos in April 2024. So, I think it's reasonable to say that she was aware the businesses were separate from that point.

I can see that Miss W has said she was attempting to return the item but hadn't managed to do this during the six-month BNPL period. In her call with Argos Miss W said she wasn't aware she'd paid for the item on credit. But it's unclear how Miss W believed the item had been paid for and it's clear she applied for the credit online, so on balance I think Miss W would have been aware that some sort of credit had been provided and that this would need to be repaid.

In addition to this, Argos has said it was sending Miss W regular statements from August 2023. I can see these statements were sent to Miss W at the address she had provided to it in her application for the credit. The statements also clearly set out the BNPL terms, explained when the plan ended, and the various costs involved in not paying in full for the item within the plan period. The statement sent to Miss W in January 2024 (a month before payment for the item became due) set out the options available to Miss W in repaying the balance.

As the statements were correctly addressed to Miss W, and she hadn't contacted Argos to update or change this, I can't fairly say Argos failed to communicate with her appropriately about the BNPL plan. So, it follows that I think Miss W was aware of the debt, and how and when it needed to be repaid. Even if as Miss W says, she didn't receive some of the correspondence Argos sent, I think it would have been reasonable to reach out to Argos to understand how she needed to make payment for the item she had purchased and received.

Miss W has said she doesn't think Argos gave her the required time to sort things out. So, I think it would be helpful to set out here that the Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. By June 2024 Miss W had failed to make the contractual monthly repayments since February 2024. So, as Miss W was more than three months in arrears by the time the default was registered, I think Argos was acting in line with the ICO guidance, when it defaulted her account.

I can see Argos made several attempts to engage with Miss W about her arrears by email, letter and her statements. It made her aware of the position of her account, offered support, provided details of independent debt advice organisations and let her know what might happen if she didn't make payment to the account or contact it about any difficulties she was having. But aside from the call in April 2024 I can't see that Miss W responded or made payment to the account. I understand that Miss W may have intended to return the item, but it was made clear to her in the call in April 2024 that as she had possession of the item she was liable to pay for it. Further to this the statements and emails made it clear Miss W was already two months in arrears on the account by April 2024. In addition, the agent on the call advised Miss W the next contractual payment was due on 5 May 2024.

Miss W has said that she didn't receive the default notice. However, I can see it was correctly addressed to Miss W and sent to her on 9 May 2024, clearly stating the amount she needed to pay and by when. So, I'm satisfied Argos gave her the required notice before the account was defaulted. I appreciate Miss W found the communication by email and post confusing but, it's for Argos to decide how to communicate with its customers and I can't hold it responsible for any postal issues that may have occurred.

I've taken on board what Miss W has said about the email she received letting her know about the minimum payment that would be due in July 2024. It's unclear when this email was sent, and I must consider that this was a reminder and not a statement. The statement for May 2024 set out the arrears on the account and both the June 2024 and July 2024 statements let Miss W know the full balance was due. Although the reminder email wasn't as accurate as it could have been, it's reasonable for a customer to review their account statements and Miss W knew her account was in arrears. So, I can't fairly say the reminder should supersede or invalidate the communications that had gone before including the default notice.

I understand Miss W's frustration, but on the evidence available, I can't reasonably say that Argos shouldn't have defaulted the account or that it didn't give Miss W adequate notice of what would happen if she didn't make payment to the account.

Miss W wants the default removed from her account – and I don't doubt how upsetting this is for her. But, as I've explained, Argos gave Miss W notice that the account would default, and I can't see that Miss W paid the arrears as was required to prevent the default. I do understand why that was the case, but unfortunately, I can't fairly say Argos has acted unreasonably and should remove the default."

Neither party has responded to my provisional decision with any further comments. Given no further evidence or comments have been provided, I don't see a reason to depart from my provisional decision.

My final decision

My final decision is that I don't uphold Miss W's complaint about Home Retail Group Card Services Limited trading as Argos Financial Services for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 31 October 2025.

Charlotte Roberts
Ombudsman