

The complaint

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

What happened

Mr S was approved for an Argos card in August 2009, with a £1,050 credit limit. The limit was decreased to £1,010 in 2015, and it was increased to £1,520 in June 2018, before being increased to £2,280 in December 2019. Mr S says that this was irresponsibly lent to him and high interest has been repeatedly added to the account. Mr S made a complaint to Argos.

Argos did not uphold Mr S' complaint. They said that they made him aware of the interest at the outset with the terms and conditions. Argos said that their lending checks didn't raise any potential risk factors. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S' complaint. She said that Argos should have completed further checks, but further checks would have shown the lending was affordable for him. Mr S asked for an ombudsman to review his complaint. He said that he had been using his overdraft the entire time they lent to him, and they increased his credit limit. He said he had another complaint that he brought to our service from another card provider around the same time as the Argos card, which was upheld.

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 S has mentioned another complaint that was brought to our service which had a different outcome to what our investigator said about this Argos card. But I need to make Mr S aware that each complaint which is brought to our service is judged on its own merits. While two complaints can sometimes appear to be similar, there are often nuances between the complaints which means they aren't identical. So I'll just be focusing on his complaint about Argos here.

Before agreeing to approve or increase the credit available to Mr S, 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.

Acceptance for the Argos card

I've looked at what checks Argos said they did when initially approving Mr S' application. I'll address the credit limit increases later on. Argos said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr S had provided before approving

his application.

The information showed that Mr S was employed. But they did not record an income for Mr S. Argos have been able to show the risk scores that the CRA returned for Mr S prior to the account being opened.

The risk scores showed a customer indebtedness index (CII) of 0 for Mr S. Argos have said that a CII score of over 50 would typically be deemed as overindebted.

Mr S' risk score was 693 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 S passed this threshold.

Argos are not required to obtain information directly from a customer for each lending decision, as this would not be proportionate for them to do so. Therefore, as Mr S did not appear to be overindebted, I'm not persuaded that they needed to complete further checks here as the CRA did not report any concerning information to Argos. So I'm persuaded that their checks were proportionate, and they made a fair lending decision here.

I can see that Mr S was made aware of the interest rate, and he signed the credit agreement which showed the interest rate. So I can't say Argos acted unfairly by charging him interest he agreed to.

June 2018 credit limit increase - £1,010 to £1,520

Mr S' credit limit had been reduced to £1,010 in 2015, that is why the credit limit displayed here is lower than his opening credit limit. I've looked at the information available to Argos when they increased Mr S' credit limit to £1,510. Again, Argos carried out a credit check, which showed a CII score of 28. So this shows Mr S was more indebted than before.

Information is limited prior to this credit limit check. I can only see the statement prior to this check. Mr S wasn't close to his credit limit, and he made a repayment of £66.40 in April 2018. But I can't see how he managed his account prior to this. A number of years had passed since the account had opened, so based on this, and the increased indebtedness, then I'm persuaded that Argos should have completed further checks to ensure the credit limit would be affordable and sustainable for Mr S.

There's no set way of how Argos should have made further proportionate checks. One of the things they could have done was to contact Mr S to find out what his net monthly income was and to find out his outgoings. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Mr S has provided three months worth of bank statements leading up to this lending decision. Mr S is overdrawn for the majority of the time I've viewed. But it doesn't automatically follow that this means Mr S didn't have disposable income to meet repayments for an increased credit limit.

Mr S was earning around £1,322 a month, and child benefit credited his account also. Mr S did not have any returned direct debits that I could locate. And his priority bills were a lot lower than the income crediting his account. So if Argos would have made further checks, then I'm persuaded that they would have still approved the increase to the credit limit, and they made a fair lending decision here.

December 2019 credit limit increase - £1,520 to £2,280

Again, Argos carried out a credit check, which showed a CII score of 4. So this shows Mr S was a lot less indebted than he was at the last lending decision. I've viewed Mr S' Argos statements for the six months leading up to this credit limit increase to see how he was managing his account.

Mr S incurred no late or overlimit fees. He was not close to exceeding his Argos credit limit. But Mr S often paid more than his minimum repayment, which I wouldn't expect him to be able to do if he was having financial difficulty leading up to this credit limit increase, so it would appear to Argos that repayments for a £2,280 credit limit would be affordable and sustainable for Mr S, based on his indebtedness reducing since the last lending decision, and the consistent payments he was making in the six months leading up to this credit limit increase.

So I'm persuaded that Argos' checks were proportionate, and they made a fair lending decision here.

If Mr S is currently struggling to make repayments to the account, I would urge him to contact Argos to see how they can assist him. But I would only expect them to stop charging him the agreed interest rate if a current income and expenditure assessment shows that he can't afford to meet his repayments for the account.

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 S 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 December 2025.

Gregory Sloanes
Ombudsman