

The complaint

Miss T complains about her accounts with Home Retail Group Card Services Limited trading as Argos.

What happened

Miss T has two accounts with Argos – a credit card and a Fixed Sum Loan Agreement (loan). On 11 February 2025, she complained that the credit card was defaulted unfairly, and said the loan was lent irresponsibly as she was already missing payments on her existing credit card. The loan has subsequently been defaulted too. Details of the accounts are as follows:

	Date	Credit limit / Loan amount	Default date
Credit card	August 2017	£1,000	14 October 2022
	September 2018	£1,500	
	April 2019	£2,250	
	July 2022	£1,430	
Loan	23 June 2022	£594.94	20 April 2023

Credit card

Miss T complained that she was making payments to the account via a debt collection agency (DCA), but then a default was registered and the account was sold to another company I'll call 'L'. She says she was the victim of domestic abuse and didn't receive letters informing her of the default. She asked Argos to remove the default and take the account back from L.

Argos looked into the complaint and said the account had fallen into arrears from 15 July 2022. As no further payments were received, it sent a default notice on 16 September 2022 asking Miss T to pay £107.17 to bring the account back up to date. As no payment was received a default was issued on 14 October 2022 and shortly afterwards, it passed the account to DCA to collect on its behalf (the account wasn't sold at this point).

DCA passed the account back to Argos in November 2024. Argos then sold the account to L with a balance in the region of £900. Argos didn't uphold her complaint.

Loan

Miss T opened the loan with Argos to pay for some goods she was purchasing, enabling her to pay for them at a rate of £22.85 per month for four years. She says this shouldn't have been agreed as she already had missed payments on her credit file at the time. To resolve the complaint, Miss T asked Argos to remove the default and "*take responsibility for*" lending to her when it shouldn't have.

Argos looked into the complaint and said it had carried out its usual checks before agreeing to lend, and she'd passed them. It said it didn't think it had lent irresponsibly. Argos

explained Miss T had made payments to the account until November 2022. As no more payments were received, it sent a default notice on 24 March 2023 and subsequently registered a default on 20 April 2023. It didn't uphold her complaint.

Miss T was unhappy with the responses she received, so she referred her complaints to our service as one complaint. One of our investigators looked into it. She didn't think Argos had lent to Miss T irresponsibly. But she noted that Argos had continued to apply interest to the loan balance after the default had been registered. She said it should remove interest applied since 20 April 2023.

Neither Argos nor Miss T have agreed with our investigator so, as there was no agreement, the complaint has 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.

Credit card

Miss T's complaint about the credit card relates solely to the application of the default by Argos and subsequently L. Argos has provided a copy of her statements from 17 June to 17 November 2022. The June statement says a minimum of £7.98 was due to the account by 15 July 2022, but no further payments were received.

Due to the lack of payments, on 18 September 2022, Argos sent a default notice to the address it held on file. It said the balance of the account was £1,167.79 and £107.17 needed to be paid by 11 October 2022. As no payment was received, Argos registered a default with the credit reference agencies.

Miss T said she didn't receive the default notice because she'd moved in June 2021 as a result of domestic abuse, and had moved several times since then. But she tells us she didn't tell Argos that she'd moved due to the stress of her situation.

I've thought carefully about whether it was fair for Argos to default the account, and I think it was. It hadn't received a payment or any contact for three months by the time it sent the notice, and four months by the time it registered the default. This is in line with guidance issued by the Information Commissioner's Office (ICO).

Businesses are obliged to send default notices in the post, and Argos did so. Clearly a business can only send such notices to the address they hold for the customer. I do understand why Miss T may have forgotten to update her details, but I can't reasonably conclude that Argos did anything wrong when it sent the notice. And as it didn't receive the payment required, I don't think it was unfair for it to register the default.

Miss T tells us she was paying £10 per month to the DCA and was surprised when L registered a default on her credit file. As I've mentioned earlier, the DCA was collecting the debt on behalf of Argos. But Argos took the decision to sell the debt to L in November 2024. That is a decision it's entitled to make, but it should also have let Miss T know that the debt had been sold.

Miss T has said she heard from L shortly after noticing the default it had placed on her credit file. So I'm satisfied steps were taken to let her know, albeit the letter was later than it might have been. Miss T has provided a copy of her credit file which shows the default registered by L. I note that it has replaced the Argos default (which no longer appears), but is

backdated to 14 October 2022 and shows it will cease to be reported on 14 October 2028. So I don't think it has changed anything from the point of view of her credit file other than the name of the business the debt is owed to.

Having considered Miss T's complaint about the credit card, I don't think Argos has treated her unfairly, and I don't uphold this element of her complaint.

Loan

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Argos needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Miss T irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Argos carry out reasonable and proportionate checks to satisfy itself that Miss T was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Argos make a fair lending decision?
- Did Argos act unfairly or unreasonably towards Miss T in some other way?

It's not about Argos assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on Miss T. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the repayments and the overall circumstances of the borrower.

The loan in this case was relatively modest - under £600 - with a monthly payment of £22.85 and for a specific set of goods. With that in mind, I would expect a reasonable and proportionate check for such a loan to be less in depth than for (for example) a £5,000 cash loan, where the risk of the payments becoming unsustainable for the consumer would be greater.

Argos said it completed its' usual automated process to agree the loan. This included a credit search which enabled Argos to see how much debt Miss T had elsewhere, and how it was being repaid. It also took into account what Miss T told it about her income and employment, as well as her housing costs. All this information was put through its own credit scoring process and she met Argos' lending criteria.

I think the checks were reasonable and proportionate bearing in mind the size and type of facility being applied for here.

Miss T has said she felt the loan was irresponsible because she "*already had missed payments on her credit file*". As I've mentioned, Argos considered her credit file as part of its checks and was satisfied with what it saw. Miss T has provided a copy of her credit file so I've looked at it for completeness. I can see she missed one payment to a catalogue account in February 2022, and another to a similar company in April 2022. Both of these accounts were brought up to date the following month and were on track by the time she applied for this loan. She had a number of other accounts which were all up to date. Even if Argos had carried out a manual check (rather than its' standard automated one) I wouldn't have expected it to have refused to lend based on this information.

I think Argos made a fair decision to lend to Miss T.

Did Argos act unfairly or unreasonably towards Miss T in some other way?

Miss T has provided evidence that she has suffered domestic and financial abuse and I'm sorry to hear that. I thank her for sharing that and hope her situation is now improving.

I've carefully reviewed the contact notes provided by Argos and have seen nothing which suggests it was aware (or ought to have been aware) of her situation at the time of the lending. I can't see that it was aware until she raised her complaint with it, so I can't reasonably conclude it ought to have done anything different when dealing with the application for the loan or the arrears on the credit card.

Unfortunately Miss T fell into difficulty with the account in November 2022 leading to a default in April 2023. I don't think it was unfair of Argos to register the default (and it sent the relevant notices to the address it held on file) but I do think it should have ceased to charge interest on the account at that point.

Other than that, having considered all the information provided by each party, I've not seen any sign that Argos has treated Miss T unfairly in some other way.

Putting things right

Argos should remove all interest and charges levied on the loan from the date of the default (20 April 2023) and should not levy any further interest or charges on it.

My final decision

My final decision is that I uphold this complaint in part. Home Retail Group Card Services Limited trading as Argos should put matters right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 16 February 2026.

Richard Hale
Ombudsman