

The complaint

Mr E complains that Home Retail Group Card Services Limited trading as Argos Financial Services (Argos) lent to him irresponsibly and didn't properly support him while he was in persistent debt.

What happened

Mr E applied for – and was given – an Argos store card. The credit limit agreed was as follows:

Date	Event	Limit
June 2016	Opening limit	£700
July 2017	Credit limit increase (CLI) ¹	£840

On 24 July 2025, Mr E complained to Argos. He said the necessary checks hadn't been completed when the card was agreed, and he was *"constantly maxed but, I remained in persistent debt and the account was renewed several times without proper review"*. To resolve his complaint, he requested *"a refund of interest and charges applied during the years I was in persistent debt"*.

Argos looked into Mr E's complaint and issued a final response letter. It explained it had used a credit scoring system and information provided by credit reference agencies (CRA) when it agreed the card. It said the increase was granted by reviewing Mr E's account use and information from the CRA. It went on to say that it felt Mr E had raised his complaint too late under the complaint handling rules set by the Financial Conduct Authority (FCA) as more than six years had passed since the lending decisions had been taken.

Mr E didn't accept what Argos said, so he referred his complaint to our service. One of our investigators looked into it and felt it was reasonable to consider the complaint as being about an unfair relationship under Section 140A of the Consumer Credit Act 1974 (s.140). He explained this to both parties and went on to look into the complaint. However, he didn't uphold it.

Mr E didn't agree with our investigator, so 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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Argos thinks this complaint was referred to us too late. Our investigator explained why he didn't, as a starting point, think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But he also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in s.140, and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mr E says the card and the increase simply made his situation worse. These may have made the relationship unfair as he had to pay more in interest than he could afford and was unable to reduce the debt. I acknowledge Argos still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mr E's complaint can be reasonably interpreted as being about the fairness of his relationship with Argos, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Argos) and the debtor (Mr E), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mr E has complained about, I need to consider whether Argos' decision to lend to him and increase his credit limit, or its later actions, created unfairness in the relationship between him and Argos such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr E's relationship with Argos is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

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 Mr E was in a position to sustainably repay the credit?
- 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 Mr E 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 Mr E. 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 credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Due to the time elapsed, Argos is unable to provide all the information it used to assess Mr E's application. I don't find this surprising as businesses aren't required by law or good industry practice to hold records indefinitely – typically, they hold data for around six years. But Argos has been able to provide some data which I have used to reach my decision.

Argos no longer has the salary details Mr E provided at application stage, but he declared he was employed full time. It has provided the codes from an affordability assessment it carried out using a credit reference agency. The codes show he wasn't overindebted, and his risk profile (which takes into account various factors such as credit elsewhere and how its run and any defaulted accounts etc.) didn't highlight any concerns. He comfortably passed Argos' scorecard for both the account opening and CLI1.

When it agreed CLI1, Argos also reviewed how he used his account with it and was satisfied an increase of £140 was affordable for him.

It's evident that Argos did carry out an affordability assessment, but it hasn't been able to produce all the data such as evidence of his income. While this is understandable given the time elapsed, as I can't see what it considered, I can't reasonably conclude that its checks were reasonable and proportionate.

In this case, as the opening limit and CLI were relatively modest, it follows that the repayments would be relatively modest too. But I would have expected Argos to seek to verify Mr E's income and I can't see that it did that.

Mr E has provided his bank statements from the time of the application. That isn't to say Argos should have looked at the statements at the time – there is no requirement on businesses to do so – but they are one way of confirming what his income was when he applied for the card and the increase was offered. I suspect that at the time, Argos would either have verified his income using online tools, or may have asked for payslips rather than bank statements.

But I've considered the information we have, and I can see that at account opening Mr E was earning an average of around £1,063 per month and he had little in the way of committed expenditure. His main outgoing was a loan he had for £270 per month. At the time of CLI1, his monthly income had increased to £1,250 and his committed expenditure was around £380 per month.

So if Argos had sought to verify his income and expenditure, I'm satisfied it would still have reached the same lending decision. I'm satisfied that it reached a fair decision to lend to him.

Did Argos act unfairly or unreasonably towards Mr E in some other way?

Mr E has complained that he was gambling heavily at the time his card and increase were agreed. I can see from his statements that this was the case. But as I've said, I wouldn't have expected Argos to have been aware of that because I wouldn't have expected it to see the statements – there was no requirement for it to do so.

When he referred his complaint to us, Mr E acknowledged that Argos said it carried out affordability checks and said his *"concern is what happened afterwards"*. He said *"I remained in persistent debt, and the account was renewed several times without proper review. Argos repeatedly wrote to me confirming I was in persistent debt, yet they continued to allow borrowing and did not take meaningful steps to help me reduce the balance."*

While investigating this complaint, I explained to Mr E that the regulations around persistent

debt are set out in the Consumer Credit sourcebook (CONC) and that it has a specific definition. I can't see that Mr E's account ever met the definition of persistent debt and asked him for copies of the letters he received from Argos about that. He hasn't responded to my requests for that information so as I told him I would, I've considered the complaint based on what I have.

I have looked closely at the operation of his account with Argos. As I've said, I don't think it met the definition of persistent debt for the reasons I've explained to him, so I wouldn't expect Argos to have stepped in. I've also looked at the contact notes between Mr E and Argos and I can't see any sign that he contacted it asking for help with his payments.

If Mr E remains in financial difficulty, I'd encourage him to speak to Argos with a view to arranging an affordable repayment plan with it. I'd also remind Argos of its obligation to treat customers in difficulty fairly.

For the reasons I've already given, I don't think Argos lent irresponsibly to Mr E or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that s.140 would, given the facts of this complaint, lead to a different outcome here.

I am sorry to disappoint Mr E. I know from what he's told us that he's been through some difficult life experiences which have affected him many ways. I hope things are improving for him and he's receiving any help and or treatment that he needs.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 7 May 2026.

Richard Hale
Ombudsman