

## **complaint**

Mr A complains about a store card account he has with Home Retail Group Card Services Limited (trading as Argos Card Services). He is on a debt management plan but is unhappy that interest is still being applied to the account which is equal to almost half of what he repays each month. He feels that Argos Card Services has not responded sympathetically to his financial situation.

## **background**

The adjudicator who considered the case recommended it be upheld. He noted that Argos Card Services had made some concessions by reducing the amount of interest that is charged on the account and had accepted reduced payments. However, he felt the concessions were insufficient in this instance and recommended Argos Card Services refund the interest and charges that had been applied to the account since November 2011; reduce the interest rate to 0% going forward and pay £250 for the distress and inconvenience caused.

Argos Card Services did not accept the adjudicator's findings and believes it has dealt with Mr A's circumstances fairly. It is not prepared to refund the interest applied, reduce the interest to 0% or make a payment for the distress and inconvenience.

The case was reviewed by a second adjudicator who agreed with the overall opinion of the first adjudicator. He felt however that the proposed payment of £250 was higher than what an ombudsman might award in the circumstances here and felt a payment in the region of £150 was more likely.

Mr A was unhappy about this and, in summary, feels the original £250 should be paid.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have upheld this complaint.

Argos Card Services believes that it has dealt with Mr A's financial difficulties fairly by reducing the interest rate on his account and accepting reduced repayments every month. It says the interest rate on the account is variable and instead of the 29.9% APR it can reduce the interest to between 0% and 9.9%. I accept that by agreeing to reduced repayments and reducing the interest by 20%, so that 9.9% is being charged, is a positive step towards helping Mr A in his position of financial difficulties. However, Mr A can only afford to repay £20.45 each month and the interest charges are still approaching half of what he is repaying each month.

Mr A has been on a debt management plan since November 2011 and having considered his circumstances and level of outstanding debt it is unlikely that his circumstances will change considerably in the near future. At the current rate of repayment and level of interest that is being applied it will take up to ten years to repay the outstanding balance on the account. Even if no further interest or charges are applied to the account the debt will still take almost five years to repay.

As Mr A is in financial difficulties Argos Card Services is required to treat him in a positive and sympathetic manner. Having considered the specific circumstances of this case I agree with the adjudicator that although concessions have been made, these do not go far enough. Argos Card Services has accepted it can reduce the interest rate to 0% and that its measures are designed to be temporary and assist consumers in the short term. Mr A is not in short term financial difficulties, as demonstrated by the fact that he is still on the debt management plan almost two years later. Unless he has a significant change of circumstances it is likely he will still continue experiencing the same financial difficulties for some considerable time yet.

Having considered the steps that Argos Card Services has taken I think it could and should have done more to assist Mr A in his position of financial difficulties. I do not think that in the circumstances here that charging the amount of interest was reasonable and Argos Card Services should now refund the interest and any charges that have been applied since November 2011. It should also ensure no further interest is applied to the account.

I agree it is reasonable to periodically review Mr A's circumstances but unless his circumstances improve significantly it would be unreasonable to restart applying interest to the account.

I also agree with the adjudicators that Argos Card Services' failure to treat him in a positive and sympathetic way has caused him distress and inconvenience. I have considered what Mr A has said about the proposed payments by the adjudicators and the other broader issues that he has referred to in his personal life. Having carefully considered the circumstances of this specific case I think a payment of £200 to be fair and reasonable and Argos Card Services should therefore make this additional payment directly to Mr A.

I appreciate Mr A may remain unhappy about the level of this award but I am satisfied it is an appropriate amount.

### **my final decision**

My final decision is that I uphold this complaint and direct Home Retail Group Card Services Limited (trading as Argos Card Services) to:

- refund all interest and charges that have been applied to this account since November 2011;
- ensure no further interest is applied to the account, unless it is clear that Mr A's circumstances have improved significantly; and,
- pay £200 to Mr A for the distress and inconvenience he has been caused.

Mark Hollands  
**ombudsman**