

General Merchandise & Clothing Commercial Director
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Argos' breach of the Extended Warranties Undertakings given on 27 June 2012

I am writing to you on behalf of the CMA concerning Argos' breach of the Extended Warranties [Undertakings](#). This breach has affected over 8,000 product pages on the Argos website, and 414,578 Argos customers that purchased extended warranties for electrical products from July 2019 to October 2020.

The breach

Argos breached Clause 4.1 of the Undertakings, which states that a hyperlink to the '[Compare Extended Warranties](#)' website must be 'displayed on a web page of the relevant retailer's website which is no more than one web page away from the web page where domestic electrical goods are displayed'.

This clause requires Argos to include a direct link from the webpage where the relevant good is displayed (for example a fridge, laptop or TV), either to the Compare Extended Warranties website, or to a page which itself has a direct link to that website. This is to encourage customers thinking about taking out an extended warranty to consider alternatives and compare which product is the most appropriate for them.

As part of the CMA's ongoing monitoring and enforcement activities during August 2020, the CMA checked a number of Argos webpages where it offered domestic electrical goods. The CMA found that none of these webpages met the requirements of the Undertakings, and consequently found that Argos was in breach of the Undertakings. Following the CMA highlighting this breach, Argos informed the CMA that it had been ongoing since July 2019 due to a change in the design of the webpage, which inadvertently removed the link. Argos ended the breach by

reinstating the link on all relevant webpages on 12 October 2020. During this breach, 414,578 extended warranties for domestic electrical goods were sold through the Argos website without the compliant information being available to consumers.

The CMA's concerns

The CMA has long-standing concerns, reflected in the Undertakings, that when customers buy extended warranties for domestic electrical goods, they do not look further than the retailer that sells the product they are protecting. Argos customers who bought a domestic electrical good and wanted to protect it with an extended warranty should have been prompted to consider alternatives and shop around via a link to the Compare Extended Warranties website.

Argos told the CMA that for just over a quarter of affected customers cheaper extended warranties may have been available to buy from another supplier on the Compare Extended Warranties website, although they would not necessarily have benefited from the same terms and conditions. We are concerned that Argos' failure to comply with the Undertakings has restricted the information that should be made available to customers and could have cost those consumers money.

Argos has taken action to prevent a recurrence

I am pleased that Argos has ended this breach and has also committed to taking action to prevent a recurrence of this breach. Argos has:

- ended the breach by updating all product pages so they now display the link to the Compare Extended Warranties website;
- created a tracking mechanism for referrals to the Compare Extended Warranties website to ensure any drop in the number of referrals is spotted quickly and can be investigated;
- implemented training on the Undertakings for staff when they join the web team and introduced regular refresher training on the requirements of the Undertakings;
- introduced a quarterly check by its in-house compliance monitoring team to make sure its digital content is consistent with the Undertakings; and
- agreed with Domestic & General (D&G) (who provides extended warranties for Argos) that D&G will review the content of the information on Extended Warranties against the Undertakings in D&G's compliance sign-off process. This will provide an additional safeguard of compliance.

Of the 414,578 Argos customers for whom Argos failed to provide access to the comparison website, Argos has determined that 114,002 customers may have been able to find a cheaper extended warranty if they had used Compare Extended

Warranties to select the cheapest provider. While customers can already cancel extended warranties without incurring any additional penalty, Argos will write to these customers offering them a choice of either continuing with their extended warranty, or a pro rata refund if they decide to cancel the extended warranty. All 114,002 affected customers will receive a £5 e-gift card as a gesture of goodwill.

CMA assessment and next steps

Given the action already being taken by Argos, the CMA does not consider it appropriate to take further formal enforcement action in relation to this breach. The CMA will monitor the resolution of this breach and Argos' future compliance closely.

Yours sincerely

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