

## CMA secures over £500k for Argos extended warranty customers

- Argos will provide over half a million pounds to customers who may have missed out on a cheaper extended warranty deal.
- The firm failed to remind shoppers of their options to shop around, breaching a legally binding commitment.

Extended warranties offer people the chance to pay for increased protection when buying products, over and above any standard guarantee. In 2012, Argos signed a legally binding agreement – or ‘undertakings’ – promising to provide a link to a price comparison website every time it offers an extended warranty for domestic electrical products online, so that customers can compare the price of the warranty.

As part of routine monitoring, the CMA found that Argos was not displaying this link and the company subsequently admitted it had not been doing so for more than a year. In total, Argos’ breach affected sales of over 400,000 extended warranties and 114,000 of those customers may have found a cheaper deal through the price comparison website, had they been prompted to shop around.

Argos will now contact all customers who may have missed out on a lower price and make them aware of the error. These people will have the option to cancel their Argos extended warranty and all will receive a goodwill gesture, amounting to over £500,000 in total. Argos has also reinstated the link to the website and agreed to carry out regular internal checks to avoid breaching the undertakings again.

Adam Land, CMA Senior Director of Remedies Business and Financial Analysis, said:

“We welcome Argos’ promise to provide a goodwill gesture of over half a million pounds to customers who may have missed out on a cheaper extended warranty deal, after it failed to remind shoppers of their options.

“It’s only right that Argos is now taking steps to fix its error and make sure that something similar doesn’t happen in the future. Any breaches of this kind must be put right immediately, or we will take action.”

The CMA has also [written publicly to Argos](#), outlining the steps the retailer has agreed to take. It will now monitor Argos’ compliance and consider formal enforcement action should it fail to do as agreed. The breach has been logged on the CMA’s register of breaches, which records all significant breaches of market and merger remedies and is updated quarterly.

The CMA can take companies to court if they refuse to put right any breaches. However, it cannot currently impose financial penalties on businesses for breaches of this kind but is calling for the power to do so. Imposing fines would allow the CMA to take quicker action against companies that break the

law and would increase the deterrent effect of its enforcement action, benefiting UK consumers.

If people think they have been incorrectly sold an extended warranty, they should first ask the business to look into the complaint. [Citizens Advice](#), [Consumer Advice Scot](#) and Northern Ireland [Consumerline](#) may also be contacted for additional help.

The CMA has updated its guidance – [Extended warranties: what you need to know before you buy](#) and published a blog – [Extended warranties: what are they and do you need one?](#). These are not a substitute for legal advice and should not be relied on as such.

1. Extended warranties are optional – remember that products typically come with a manufacturer’s guarantee which might be enough for your needs.
2. Don’t feel pressured to buy an extended warranty straight away – shop around to find the best deal for you.
3. You might already be covered – your home contents insurance provider can advise what you are covered for. Or check with your bank, as some bank accounts also cover gadgets.
4. There might be better options out there – for example, if you have lots of gadgets, it might be better for you to buy multiple item insurance, which could cover a range of your items.

#### Notes to Editors:

1. During the period of the breach, Argos sold 414,578 extended warranties in breach of the undertakings. This includes 114,002 Breakdown Care customers (for larger electrical items). Those who purchased extended warranties for Breakdown Care may have found a cheaper option through a price comparison website, had a link been provided.
2. The total goodwill payments which will be given to affected customers by Argos amounts to £570,010 in e-gift cards.
3. The undertakings were given in 2012 to the CMA’s predecessor, the Office of Fair Trading, under the market investigations provisions of the Enterprise Act 2002. They require Argos Limited and DSG Retail Limited (owner of Currys) to ensure that extended warranty prices are made clear and cancellation rights are in place at the point of sale (for example, on the internet and in shops). More info can be found on [Argos Limited and DSG Retail Limited undertakings – GOV.UK \(www.gov.uk\)](#)

4. The undertakings refer to 'Domestic Electrical Goods', which means a product designed to be connected to an electrical supply or powered by batteries and used for domestic purposes, but does not include watches, jewellery or fixed installations (other than integrated appliances).
5. The CMA secured improvements to Currys' sale of extended warranties in 2019: [CMA secures improvements to Currys' sale of extended warranties – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cma-secures-improvements-to-currys-sale-of-extended-warranties)
6. For media enquiries, contact the CMA press office on 020 3738 6460 or [press@cma.gov.uk](mailto:press@cma.gov.uk).