

The complaint

Mr H is unhappy that American Express Services Europe Limited (AESEL) increased the minimum payment on his credit card without his agreement.

What happened

Mr H had a credit card with AESEL with a debit balance and was paying £198 each month to the account. AESEL wrote to him in September 2019 to say that, due to changes to the rules for persistent debt by the Financial Conduct Authority (FCA), they wanted to increase his minimum payment. Mr H didn't want this to happen, so he cancelled his credit card. AESEL wrote to him confirming the card was cancelled and saying he had to continue paying at least the minimum amount due each month. Mr H continued to pay £198 per month. In October 2020, AESEL sent Mr H another letter saying that his minimum payment was too low and they intended to increase it to £239 per month.

Mr H complained to AESEL, as he felt he was continuing under his old agreement before his card was cancelled and should be able to continue paying £198 per month. AESEL didn't uphold his complaint. And they closed Mr H's account and passed him to their debt recovery team. And Mr H is now paying £200 per month via the debt recovery team.

Mr H wasn't happy with AESEL's response to his complaint and complained to us. He said he didn't think AESEL were entitled to increase his minimum payment. And he was concerned that having his credit card debt passed to their debt recovery department could affect his credit rating.

One of our investigators considered Mr H's complaint and explained to him why he didn't think it should be upheld. He said that AESEL had to suggest an increase to his minimum payment because of the rules covering persistent debt, so he didn't think they'd done anything wrong.

Mr H doesn't agree with our investigator and has asked for an ombudsman's decision.

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.

I appreciate Mr H's frustration and his point about the minimum he was making being based on the agreement he had with AESEL prior to cancelling his credit card. However, I agree with our investigator that because of the FCA rules covering persistent debt (set out in the FCA handbook under reference conc 6.7) AESEL were right to suggest Mr H needed to increase his minimum payment to £239. And, because he didn't want to do this, I think the action they took in closing his account and passing the debt to their recovery team was appropriate.

The FCA rules are designed to protect consumers who are not paying enough to clear the debt they have in a reasonable period. And I don't think the fact that Mr H cancelled his

credit card under an agreement that enabled him to pay £198 per month meant he had a right to continue doing so indefinitely. In fact, if he'd kept the credit card under this agreement, I think AESEL would still have been able to increase his minimum payment. All the letter he received from AESEL when he cancelled his credit card said on payments moving forward was that Mr H would have to pay at least the minimum payment each month. It didn't actually state the minimum payment would stay the same or be the same percentage of the balance. And it didn't say that Mr H could continue paying £198 each month.

So, I don't think AESEL did anything wrong by saying Mr H's monthly payment needed to go up to £239. I appreciate as a result of Mr H deciding he did not want to pay this his account was closed and he's concerned about the debt being passed to the debt recovery department. But - as I've already said - I'm satisfied the action AESEL took was appropriate once Mr H had said he would not pay £239 per month. This is because it was clear at this point AESEL had to take appropriate action to help him manage the debt.

In summary, because I don't think AESEL have done anything wrong, it's not appropriate for me to uphold Mr H's complaint.

My final decision

For the reasons set out above, I have decided not to uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 August 2021.

Robert Short
Ombudsman