

## **The complaint**

Mr O complains that American Express services Europe Limited (Amex) recorded a payment arrangement on his credit file.

## **What happened**

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

*Amex says Mr O contacted it in March 2020 to say he'd lost his job. The contact notes provided by Amex show Mr O discussed a Care plan with it during February 2020 but he went on to explain it wasn't required. There was no contact recorded in March 2020. On 7 April 2020 Mr O contacted Amex and explained that, due to the pandemic, his contract had been terminated and he was looking for some support. A Care Plan was discussed and Amex confirmed it would reduce the interest rate and fix his monthly payments for six months.*

*On 9 April 2020 Amex introduced further support options after the Financial Conduct Authority (FCA) introduced Payment Deferral Guidance for borrowers impacted by the pandemic. The guidance said businesses could offer temporary support for three months with no payments. The guidance confirmed interest would continue to accrue but that there would be no payment arrangement or arrears recorded on the borrower's credit file. The FCA later issued follow up guidance that allowed lenders to extend the payment deferral period by three months.*

*Amex has confirmed it introduced the Payment Deferral Guidance on 9 April 2020. Mr O called Amex back on 13 April 2020 and agreed to proceed with the Care Plan option. Amex's evidence doesn't show it considered whether to offer Mr O support under the Payment Deferral Guidance. On 15 April 2020 Amex wrote to Mr O to confirm the plan had been set up.*

*Mr O cleared the outstanding balance in full in November 2020 and went on to raise a complaint as the Care Plan had been reported on his credit file as a payment arrangement. Amex didn't uphold Mr O's complaint.*

*Mr O referred his case to this service and it was considered by an investigator. They thought Amex had dealt with Mr O's case fairly and didn't ask it to do anything else. Mr O asked to appeal and said he was advised that the Care Plan would have no impact to his credit file in April 2020, before he decided to proceed. As a result, Mr O's case has been passed to me to make a decision.*

## **What I've provisionally 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 recently asked Amex to give us some additional information as between Mr O's calls in April 2020 the FCA guidance concerning payment deferrals came into effect. Amex confirmed it offered payment holidays from 9 April 2020 onwards, in line with the Payment Deferral Guidance. As I've said above, the guidance allowed businesses to offer an initial three month payment break but interest would continue to accrue. In addition, there would be no impact to the borrower's credit file. I asked Amex to explain why the Payment Deferral Guidance wasn't considered or discussed with Mr O.*

*Amex's response said there were no guidelines to offer someone enrolled on a Care Plan under the Payment Deferral Guidance. But Mr O wasn't enrolled on the Care Plan until 13 April 2020, after the Payment Deferral Guidance option was put in place by Amex. And whilst there might not have been a specific directive to review existing plans, I think Mr O could reasonably have expected Amex to ensure he was on the most suitable plan available at the time of proceeding. And the evidence I've seen shows the Payment Deferral Guidance option wasn't considered by Amex in Mr O's case.*

*I've looked at whether the Care Plan was a better option for Mr O. Amex has pointed out the Care Plan reduced (but didn't remove) the interest rate it charged and that the Payment Deferral Guidance approach would have meant full interest accrued. Whilst that may be the case, it's clear Mr O was very concerned about his credit file and the impact of any plan. I don't think the interest Mr O saved during the six months of the plan offset the impact to his credit file. And I also think it's reasonable to note that if the Payment Deferral Guidance option had been taken up, Mr O wouldn't have had to make any payments during a period of temporary financial difficulty.*

*The Payment Deferral Guidance was intended as a short term option with a maximum of six months allowed without an impact to a consumer's credit file. Mr O repaid the balance in full in November 2020, the month after the six month Care Plan ended. I'm satisfied that shows Mr O's difficulties were temporary in nature and related to the pandemic. I think Mr O would've been a suitable candidate for the Payment Deferral Guidance issue by the FCA.*

*As a result, I intend to uphold Mr O's complaint. Whilst I accept there was an interest saving, I'm not persuaded that in itself meant the Care Plan was a better option for Mr O. As Amex had already introduced the Payment Deferral Guidance at the point Mr O called back to enrol on the Care Plan, I think it should've been discussed with him as well. Had Amex done that, I think Mr O would've proceeded on that basis.*

*Based on the information I've seen, I intend to uphold Mr O's complaint and direct Amex to amend his credit file to remove all adverse information, including the payment arrangement and any arrears, from his credit file between April 2020 and November 2020. I can also see this issue has caused Mr O some inconvenience with a mortgage application. And I think it's fair to note the issues raised occurred during an already stressful time as a result, I also intend to award £200 for the distress and inconvenience caused.*

*I invited both parties to respond with any new information they wanted me to consider before I made my final decision. Mr O responded and confirmed he was willing to accept. Amex confirmed it had nothing further to add.*

### **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.*

*As neither party provided new information for me to consider, I see no reason to change the*

conclusions I reached in my provisional decision. I still think Mr O's complaint should be upheld, for the same reasons.

### **My final decision**

My decision is that I uphold Mr O's complaint and direct American Express Europe Limited to settle as follows:

- Amend Mr O's credit file to remove the payment arrangement and any arrears information recorded between April 2020 and November 2020.
- Pay Mr O £200 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 April 2022.

Marco Manente  
**Ombudsman**