

The complaint

Mr P complains American Express Services Europe Limited (Amex) provided poor customer service and conflicting information regarding the cancellation of his credit card account following an attempted fraud on his account, and then unfairly reduced his credit and purchase limits.

What happened

Mr P holds credit and charge card accounts with Amex, with his partner as a supplementary card holder. Mr P says he telephoned Amex in mid-April 2020 to discuss potentially fraudulent activity on his credit card account and was told contradictory advice as to whether his card would be cancelled or not. Mr P says later in May 2020 he was informed his credit card account had been cancelled without prior warning, and a completely new credit card account had been opened. Mr P says his old account balance wasn't transferred to his new account and after making attempts to pay off the outstanding balance he was unable to do so, and experienced difficulties in trying to speak to anyone at Amex who could explain how he could pay into his old credit card account.

Mr P says he complained to Amex, but it took several months before it responded to him, by which time it had sent letters demanding payment and charged him late payment charges and interest. Mr P says Amex also damaged his credit score by registering markers on his credit file. Mr P says he was also unfairly charged a membership fee for the new credit card account opened, despite him having already paid the fee for the old account that had been cancelled by Amex.

In addition, Mr P says Amex have substantially reduced his credit card limit and his availability on his charge card, which he believes was as a result of him previously having a complaint upheld by this service. Mr P doesn't feel Amex have treated him fairly despite it subsequently removing any adverse credit markers, refunding late payment charges, partially refunding his membership fee and paying him £100 by way of an apology. Mr P doesn't feel the redress offered by Amex is sufficient and he wants an explanation why there has been a drastic change in his credit limit and why he wasn't told how to pay off his credit card account at the time.

Amex says it agreed to accept it could have provided better service and in all probability although it no longer had the telephone call recordings to say either way, it agreed it could have transferred the balance of the old credit card account to the newly opened account on Mr P's request. Additionally, Amex says it should have charged a pro rata membership fee and agreed to refund £65 to put matters right. Amex says monthly statements and default notices were posted to Mr P so he would have known to pay the balance outstanding, but on the understanding he says he never received the statements it agreed to refund the late payment charges. Amex also confirmed it had removed any late payment markers on Mr P's credit file from April 2020.

Amex says it reduced Mr P's credit limit on his credit card account in line with its terms and conditions. Amex says it has paid Mr P £100 in recognition of his experience.

Mr P wasn't happy with Amex's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says Amex do not have the telephone call recordings but contact notes suggest Mr P was aware a new credit card was being issued as he had called to chase Amex about this. The investigator says Amex have refunded a pro rata amount of the fee charged for membership and this has been dealt with fairly. The investigator also says Amex provided statements which showed how to make the payments to his credit card account so couldn't be held at fault for that. The investigator felt that Amex were entitled to reduce Mr P's credit card limit in line with its terms and conditions and felt the £100 offered was fair to cover the service issues Mr P had faced.

Mr P didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said :

I've considered all of the evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have come to a different outcome to that of the investigator and I will explain how I have come to my decision.

I can understand it would have been both frustrating and upsetting for Mr P to discover that an attempted fraud had been made on his Amex credit card account, and then as a result of this he was left without access to his account, and told his credit card account limit and purchase limits had been reduced.

When looking at this complaint I will consider if Amex treated Mr P fairly when dealing with the issues he faced following the fraudulent activity on his credit card account and the replacement of his new credit card.

The first thing to say is when making a full and impartial decision here, I have to take into account the fact this happened during the Covid pandemic which affected both businesses and customers alike.

In Mr P's initial complaint to this service he raised a number of issues, but some of these as explained by the investigator, have been put right by Amex, such as the refund of the late payment charges, his membership fee and his credit file has been amended accordingly. That said Mr P remains unhappy how Amex dealt with the problems he faced when the fraud on his credit card account was brought to their attention. In particular Mr P is unhappy that his old credit card was cancelled without any notification, the time it took to obtain a new credit card account, the lack of information about how he could pay off his old credit card balance and the fact his credit and purchase limits have been substantially reduced, because in his view Amex did this as a complaint he lodged against them, was upheld.

Amex have told this service that Mr P was sent regular statements and notifications regarding the outstanding balance due on his old credit card account, so he would have been aware he needed to make payments to the account, even though Mr P denies receiving any statements over this period. Amex says after discussions with Mr P in April 2020 his credit card was cancelled and accept it took some time before his new card was issued in late May 2020, but this wouldn't have prevented Mr P paying into his account by telephone, bank giro or direct bank transfer.

Unfortunately, there are no phone call recordings available at the time Mr P initially

discussed with Amex in mid-April 2020 the fraudulent transactions on his credit card account, so I can't say with any certainty what was discussed. What I can say is the new credit card account request wasn't processed by Amex until late April 2020. I can see no evidence from Amex to show Mr P was ever told in writing at that time a new card was being ordered or his old credit card account had been cancelled until he spoke to them again later in May 2020 and the new credit card was finally sent in late May 2020.

As to Mr P's point regarding his credit limit being reduced, it's worth saying that Amex reserve the right to review customers credit limits periodically and can decrease these on written notice and from what I can see there's no evidence to suggest Amex have reduced Mr P's credit limit as a result of a previous upheld complaint he made – even if that is what Mr P believes happened. Amex have suggested to this service that Mr P may apply for a higher limit if he so wishes, and I will leave that with him to consider.

When looking at all of these points I need to consider if Amex have done all they could during what would have been a stressful experience for Mr P, knowing his account had been subject to an attempted fraud, and here I think they could have done more.

I say this because although some redress has been paid by Amex I don't think it goes far enough as Mr P has provided this service with copies of numerous letters addressed to them expressing his concerns - in particular how he could make payments to his credit card account. I can't see these points were answered until the final response letter in January 2021 which would have only added to Mr P's frustration and concerns. Additionally, I do feel Amex could have been clearer with Mr P at the time he raised the fraud activity on his credit card account and explained the process more fully - I'm not persuaded they did that here.

While Amex says it sent the statements to Mr P, it has accepted that it's possible these weren't received by him and reversed the late payment fees as a result and later sent him fresh copies. I do accept perhaps there was more Mr P could have done to make a payment to his credit card account but it's worth remembering this was during the height of the Covid pandemic, which in any event made this more challenging. More importantly, given Mr P had written to Amex asking how to make a payment and given his credit card account was subject to potential fraud and frozen, it's not unreasonable to think he may have thought making a payment to his old account, as he had previously done, wasn't now possible.

While no doubt the impact of the Covid pandemic could have affected both staffing numbers and the level of service offered by Amex, I still take the view that the best course of action for Amex to have taken at the time the fraud was uncovered, was to simply freeze the old card and transfer any legitimate balance to Mr P's new credit card account, and not expect him to know he needed to ask them to do that. This is where I am of the view, the problems Mr P subsequently faced could have been avoided.

With that in mind, Amex should pay Mr P an additional £200 for the trouble and upset this has caused.

While Amex will be disappointed with my provisional decision, I feel this is a fair outcome here.

Although Mr P responded to my provisional decision, I have heard nothing further from Amex and so the case has been passed back to me to make a final 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 gave both Mr P and Amex until 25 May 2022 to accept or reject my provisional decision. Mr P accepted my provisional decision but as I have heard nothing further from Amex, I see no reason to change or add to my original provisional decision and so my final decision remains the same.

Putting things right

I instruct American Express Services Europe Limited to pay Mr P an additional £200 by way of compensation for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct American Express Services Europe Limited to pay Mr P an additional £200 by way of compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 June 2022.

Barry White
Ombudsman