

## **The complaint**

Mr S complains that American Express Services Europe Limited (AMEX) treated him unfairly when it asked him to pay a balance it claimed had been credited back to him.

## **What happened**

Around March 2019, AMEX contacted Mr S asking that he pay an outstanding balance on his credit card. Mr S thought he'd paid the balance and complained to AMEX because he felt it wouldn't help him understand what happened with the payment he made.

Mr S says he recalls making the payment via cheque twice – the first (that I'll refer to as cheque A) he says was cancelled and the payment was later made via a second cheque (that I'll refer to as cheque B).

AMEX says Mr S's bank requested the payment back because the cheque was cancelled, which it agreed to do. AMEX initially suggested the account details the refund was sent to was for one of Mr S' bank accounts – which Mr S later proved as incorrect.

AMEX has since been chasing Mr S to clear this balance. The debt was eventually escalated to third-party debt collectors and AMEX reported the overdue balance on Mr S' credit report. AMEX also forfeited Mr S' membership points in line with its terms. Mr S says he feels like he's been harassed with phone calls and correspondence about the debt, he's experienced stress and embarrassment and that he's spent significant time trying to resolve this issue.

From Mr S' perspective, the funds had essentially gone missing as AMEX had sent a refund back to Mr S' bank but it didn't end up in his bank account. Mr S wanted AMEX to trace the cheque payment to find out what had happened and is unhappy that it continued referring him back to his bank.

In its final response to Mr S, AMEX said it had acted fairly but recognised there had been some poor service – it paid Mr S £25 as a goodwill gesture.

After Mr S asked this service to get involved, one of our investigators concluded that AMEX had acted fairly. Following the initial view, our investigator asked AMEX to look into the matter in more detail. This led to AMEX establishing exactly what happened with both cheques and it found that there was indeed a payment that hadn't reached Mr S' account. Although AMEX didn't accept it made an error, it credited Mr S' closed account with the funds to clear the balance he owed. AMEX paid some surplus funds directly to Mr S, it agreed to restore Mr S' credit file and looked into the membership points that were forfeited. The complaint, however remained unresolved and has been passed to me for a final review.

## **My provisional decision**

I recently issued my provisional thoughts on this complaint in which I said the following:

*The circumstances around this complaint have been ongoing for over three years now. A lot has happened in that time. Although I'll only comment on what I think is relevant, I'd like to*

*reassure the parties that I've taken everything into account.*

*Recent enquiries revealed what went wrong around the time:*

- *Mr S' bank contacted AMEX asking it to return the funds from cheque A as Mr S had cancelled the cheque, so it had been wrongly deposited.*
- *AMEX returned the funds to Mr S' bank and asked Mr S to pay the outstanding balance.*
- *Cheque B had been successfully deposited and the funds left Mr S' bank account and reached AMEX's holding account – AMEX, until recently, didn't allocate this payment into Mr S' credit card account.*
- *The relevant cheque codes and tracing activities show that it was the cheque A funds that Mr S' bank asked to be returned and it was cheque B that debited Mr S' bank account and the funds sent to AMEX*

*It seems to me that after some detailed enquiries, AMEX was able to establish what had happened and later correctly allocated the funds to Mr S' account. But it's clear to me that Mr S had been asking AMEX to carry out such enquiries for a significant period. AMEX should've properly looked into what happened the first time and particularly after Mr S raised a formal complaint.*

*Mr S provided proof that the refunded funds weren't returned to him directly and that it was the funds from cheque B that had left his bank account. He'd also proved that the account AMEX refunded the funds to wasn't one of his. So AMEX, in my view, had enough information to realise something had gone wrong and that it needed to do more to establish what had happened to Mr S' payment.*

*Instead, AMEX chased Mr S for the debt and involved third-party debt collectors. Mr S had adverse information recorded on his credit file, he lost his membership points and says he suffered distress and inconvenience. Had AMEX investigated the matter properly, it would've established that there was a payment in its holding account that simply needed allocating to Mr S' account. As a result, none of the events that followed would've taken place and Mr S wouldn't have experienced unnecessary distress and inconvenience. So I intend to instruct AMEX to pay him compensation.*

*I accept AMEX's stance that it doesn't think its fully at fault here. But the fact remains that it always had the payment it had been chasing Mr S for. And had it looked into this matter properly the first time, AMEX would've known this fact sooner. So I think AMEX acted unfairly because of this.*

*In seeking a resolution, I proposed a settlement to Mr S – especially as AMEX has already put right some of the issues Mr S has experienced as a result of what it did wrong. Mr S didn't accept what I proposed in full. Having taken his comments on board, I'm still planning to uphold this complaint and intend to ask AMEX to settle the complaint in line with what I've set out below.*

*In my provisional decision, I set out what I intended to instruct AMEX to do to put things right.*

### **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.*

*AMEX didn't respond to my provisional decision. Mr S responded – he says he accepts the*

decision in principle but raised a few queries and challenges to what I'd said. I'll respond to each in turn:

- Mr S disagrees that AMEX wasn't fully at fault here. To clarify, I didn't make a finding saying AMEX was or wasn't fully at fault for what went wrong. I simply acknowledged AMEX's stance on the matter. Nevertheless, I still think it did something wrong here and had it looked into the matter properly earlier on, it would've avoided the problems Mr S experienced.
- Mr S thinks AMEX should pay him £5,000 compensation for the time he spent dealing with this matter and the stress AMEX caused him. As I explained in my provisional findings, AMEX did cause Mr S an unnecessary degree of stress and inconvenience and I've noted the level of correspondence involved and the time Mr S had to invest in dealing with this problem. But I don't think the degree of stress and inconvenience Mr S has experienced reasonably justifies the level of compensation he seeks. I still think £300 is a reasonable reflection of what Mr S has experienced. So I won't be increasing the amount I'm asking AMEX to pay.
- Mr S also asks that his annual membership fee for his credit card account be refunded. This isn't a point that Mr S previously brought forward and I haven't seen anything that suggests AMEX didn't deliver what it's expected to under the agreement it had with Mr S, for which he paid a fee for. If Mr S feels he hasn't received the expected services for the fee he paid, this is something he should take up with AMEX in the first instance.
- Mr S says that he wants a record of all telephone calls related to this issue provided to him by AMEX as part of the settlement to this complaint. I don't think this is reasonable because I can't see how this would put Mr S back in the position he would've been had AMEX got things right. The resolution I've put forward is, in my opinion a fair way to settle this matter. So I won't be asking AMEX to carry out this action.
- Mr S referred to several other points that I believe formed part of his original submissions. I've considered everything he's told this service already and, although I may not have specifically commented on each point he's made, Mr S's resubmission of these issues doesn't affect my decision on this matter.

I'm still upholding this complaint and instruct AMEX to put things right in the following way.

### **Putting things right**

- AMEX has already allocated the missing payment to Mr S' closed account in order to clear his outstanding balance – which is what I would've expected it to do. I understand this left his account in credit and AMEX says it has paid this amount directly to Mr S. I think this is fair.
- Mr S' membership points were forfeited because the balance on his account was overdue. Given Mr S' account is closed, AMEX should pay him the monetary equivalent of the points he lost out on and provide Mr S with details of how it calculated the amount it sends.
- If it hasn't done so already, AMEX should remove any adverse information recorded on Mr S' credit file as a result of the overdue balance.
- AMEX should pay Mr S £300 compensation for the distress and inconvenience it caused him.
- Mr S would like a formal apology from AMEX – I think this is reasonable.

### **My final decision**

I'm upholding this complaint. American Express Services Europe Limited should settle this

complaint in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 August 2022.

Abdul Ali  
**Ombudsman**