

The complaint

Mrs B complains American Express Services Europe Limited (AESEL) took too long to complete a section 75 claim.

What happened

Mrs B booked a holiday overseas, and this was cancelled because of the pandemic. The holiday company refunded 70% of the price of the holiday. Mrs B approached her travel insurers and they agreed to refund the difference if AESEL could confirm Mrs B had no section 75 rights.

Mrs B contacted AESEL, in July 2020, and asked it to send a letter to confirm she had no section 75 rights.

Mrs B wasn't happy with the time AESEL was taking, so in December 2020 she logged a complaint. AESEL responded to say it had made some errors in trying to claim the money back and paid £150 in compensation.

AESEL also agreed to prioritise Mrs B's section 75 claim.

Mrs B received the letter she needed in July 2021. Mrs B was able to recover the extra money from her travel insurer.

Unhappy with the way AESEL had handled things, Mrs B brought her complaint to this service. An investigator looked into things and thought Mrs B's complaint should be upheld.

The investigator thought AESEL should have sent Mrs B a letter to say she hadn't raised a section 75 claim. The investigator also thought AESEL should pay a further £200 to compensate Mrs B for the time it took to resolve things for her.

AESEL responded to say the letter the investigator suggested wasn't what Mrs B asked for. AESEL said Mrs B was looking for a letter to say it couldn't refund her, and it could only send this letter after it had investigated a claim.

AESEL asked for an ombudsman to decide things.

In an effort to mediate I contacted AESEL to say I thought it was right to investigate the section 75 claim, but it had taken far too long to do this. And I thought AESEL had complicated matters significantly by raising multiple, incorrect chargebacks.

AESEL responded to say this service expects it to raise chargebacks first as these are time limited. AESEL didn't agree to increase its compensation payment as it felt it had done everything it could to help Mrs B in a difficult time.

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've read the transcripts of the calls Mrs B made to AESEL. It's clear Mrs B consistently explained what she needed – a letter saying AESEL couldn't refund her under section 75.

In the first call AESEL attempts to log two chargebacks, says neither have been accepted and Mrs B will receive letters about this. Mrs B never received any letters.

Mrs B called AESEL twice in July, the second call was to chase up letters it never sent.

Mrs B spoke to AESEL again in August, as she'd received letters saying she hadn't provided supporting documents for her claim. Mrs B realises, during the call, AESEL has set up two disputes for the same amount.

In September Mrs B calls again, as she's been told her disputes were unsuccessful as the holiday company had already refunded 70% of the holiday. Mrs B is, quite rightly, a little frustrated as she's explained quite a few times she's only looking for the 30% back.

In October Mrs B calls again and explains she needs the money as she'd been made redundant. AESEL explains a rejection letter for section 75 isn't something it can do, but does agree to call Mrs B back. Mrs B isn't called back.

It wasn't until the sixth call Mrs B made to AESEL, in November 2020, that it explained the difference between chargebacks and section 75. In this call Mrs B is told if the chargebacks fail AESEL will start a section 75 claim.

Mrs B calls back in December to explain the situation again. Mrs B is told no section 75 claim has been set up. Mrs B repeats she's been made redundant and needs the letter for her insurance company.

AESEL says it could be months for a section 75 claim, so Mrs B says she'd like to raise a complaint. AESEL offers Mrs B a £50 gesture of goodwill. But AESEL goes on to say this offer will be withdrawn if Mrs B makes a formal complaint.

AESEL also says Mrs B is likely to only get £50 if she does formally complain. Mrs B raises the complaint anyway.

I agree with AESEL that it's generally good practice to raise a chargeback first. Chargebacks must be raised within a certain number of days following the transaction, and if that time limit is exceeded the chargeback is invalid.

Raising a section 75 claim first may, inadvertently, time out a chargeback claim.

But I would expect AESEL to raise a correct chargeback, and it didn't do this. AESEL has the ability to approach the holiday company for a partial refund, but it didn't initially do this.

Instead AESEL tried to recover all the money Mrs B had paid. This was incorrect, and Mrs B had explained, several times, she was only looking to recover the 30% she hadn't already been refunded.

And AESEL attempted four chargebacks in all. These chargebacks include a temporary refund of the amount in dispute. Mrs B's holiday was over £7,000. This meant Mrs B

incorrectly received a large temporary refund to her card.

It's clear this large refund was worrying for Mrs B, she raised it in the calls she had with AESEL. And AESEL assured her this was the correct process, but I don't think it was.

The attempt to claim back all the money also frustrated Mrs B. Mrs B was made aware the holiday company would be told about the claim for the full amount, and this could affect any future relationship with it. I think this was a valid concern for Mrs B.

And none of this was Mrs B's fault, she'd clearly explained to AESEL how much needed to be claimed back, so any damage to the relationship was likely to be AESEL's fault.

AESEL agreed to prioritise Mrs B's section 75 claim, when it logged it in December 2020. It still took until July 2021 to send Mrs B the letter she needed. I think this was too long.

AESEL already had all the information it needed to progress the claim, Mrs B had sent it in as part of the chargeback claims. Whilst I understand some section 75 claims are complex, it appears AESEL relied on a single clause in the holiday contract to decline Mrs B's claim.

Since it appears AESEL didn't need to contact either Mrs B or the holiday company, and made the decision based on the evidence it already had, I'm unsure why it took so long.

And, overall, it had taken a year to send Mrs B the letter she first asked for.

I don't need to consider whether AESEL was correct to decline Mrs B's section 75 claim, since the insurer has already paid out. I need to consider whether AESEL has already fairly compensated Mrs B for the distress and inconvenience it caused her, and I don't think it has.

I don't think AESEL did everything it could to help Mrs B. I think AESEL unnecessarily delayed Mrs B's section 75 claim and caused a fair degree of inconvenience during the calls.

Raising incorrect chargebacks was both inconvenient and confusing for Mrs B and it seems AESEL never really understood Mrs B's request until six months after her initial call. And I think Mrs B was very clear in what she wanted AESEL to do.

In addition, Mrs B had explained to AESEL she'd been made redundant, and needed the refund, but it seems AESEL didn't look to get a quicker answer to Mrs B.

I think AESEL's poor service can't, alone, be explained by the uncertain and challenging period of lockdown at the time. And although I understand AESEL was facing some huge challenges, I also think Mrs B wasn't provided with the right level of service.

Putting things right

I think AESEL should increase its compensation payment to £350 in total. AESEL's already paid Mrs B £150.

My final decision

My final decision is I uphold Mrs B's complaint and AESEL should pay a further £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 November 2022.

Chris Russ
Ombudsman