

The complaint

Ms S complains American Express Services Europe Limited (AESEL) didn't manage her credit card account as it should have.

What happened

The details of this complaint were well known to both parties, so rather than repeat them, I focussed on the reasons for my decision. I issued a provisional decision. I said:

"Ms S had a personal credit card account with AESEL. She was also associated with a business charge card account, which was for her limited company, which I'll call "V". A lot has happened across the two accounts. In this decision I've only considered Ms S' personal credit card account. And I've only considered what happened in 2020 and early 2021.

In 2020 Ms S' income was impacted by the pandemic. She thought she was in a Covid-related payment deferral from July 2020, so she stopped making payments. However, she wasn't in a payment deferral so missed payments were reported to the credit reference agencies ("CRAs"). AESEL has since accepted it hadn't set up the deferral properly.

The deferral period, had it been set up properly, would have ended in September 2020. This means, in the absence of a request for further support, minimum payments would have been required from October 2020 onwards. I can see from Ms S' statements this isn't what happened. And this led to further missed payments being reported to the CRAs.

Clearly things didn't go well between July and December 2020, when the account was brought up to date. I find there was confusion between the parties about what had been agreed and why, and I find much of that stemmed from the two accounts (Ms S' and V's) being discussed in parallel. AESEL has removed all the missed payments from Ms S' credit file, apologised and paid her £125 compensation (in total) in recognition of the distress and inconvenience she was caused. I find this fair and reasonable in the circumstances.

I'm aware Ms S is of the opinion the missed payments on her credit file impacted V, in that she says they prevented V from securing funding. I'm not persuaded, based on the evidence available to me, the missed payments were solely a result of AESEL's actions, or that the missed payments were solely – or predominantly – the reason V was declined credit. But even if I were, under our rules I can only make an award to the eligible complainant. Here, the eligible complaint is Ms S. V's alleged loss – given it's a limited company – isn't her loss (at least not directly). It follows I won't be requiring AESEL to compensate Ms S for any alleged financial loss.

Ms S was sent a final demand and notice of termination on 25 December 2020. It said the account had been terminated with immediate effect, the full outstanding balance (about £30,000) needed to be paid, and the account may be passed to a

debt collection agency and registered as defaulted with the CRAs.

AESEL says it decided to close Ms S' personal account because of her association with V's account, which wasn't up to date. It says this is standard practice. I consider AESEL's decision here reasonable given it would be unusual to allow spending on one account when another linked account is in arrears.

I find AESEL didn't do enough to explain to Ms S what it was doing and why. Ms S' personal account was up to date in December 2020. Then, at Christmas, out of the blue, she was told she needed to pay a significant balance straightaway and there might be consequences if she didn't. This caused Ms S a great deal of worry. Then a short time later, the account was passed to a debt collection agency, which Ms S found distressing. As I understand it, at no point did AESEL properly explain to Ms S why any of this was happening.

AESEL didn't default the account and Ms S did later repay what she owed in full. So, matters have somewhat crystallised. But I consider Ms S was caused unnecessary distress and inconvenience by not being told what was happening and why. I'm inclined to require AESEL to pay Ms S a further £250 compensation in recognition of the impact this had on her."

AESEL didn't respond to my provisional decision with any further information. Ms S responded to say, in summary, that she didn't agree V's alleged loss was a separate matter and didn't consider £250 compensation was enough given what she's been through. She also said AESEL was pursuing her personally for V's debt, for which she expects me to award her damages.

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.

Ms S, as the owner and director of V, is understandably concerned about its welfare. But this complaint is about Ms S' personal credit card account. For the reasons set out in my provisional decision, I can't fairly, and nor do our rules allow me to, make an award for V's alleged losses. And I remain of the opinion, also for the reasons set out in provisional decision, that £250 is fair compensation.

While I accept Ms S is concerned about being asked to pay V's debt, that concern stems from matters relating to the business charge card account, not her personal credit card account. It is therefore a separate matter, and it is being considered as a separate complaint. It follows it isn't something I can – or should – consider as part of this decision.

My final decision

I uphold this complaint and require American Express Services Europe Limited (AESEL) to pay Ms S a further £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 13 January 2023.

James Langford
Ombudsman