

## **The complaint**

Mr T complains that he couldn't open an account with American Express Services Europe Limited (AESEL) ('Amex').

## **What happened**

Mr T had a credit card from Amex, but he closed it in March 2022. In June 2022, he applied for a British Airways premium card. It was declined because Amex's systems said he already had a card, and he couldn't have another one. Amex said this was due to a systems error and asked him to apply again, but he got the same response when he did. A new card was eventually issued in December 2022.

Mr T complained. He said that after the first rejection in June 2022, he tried twice more after he got confirmation from Amex that all would be OK, but he was again rejected. Because of the delay, he couldn't earn loyalty points, which in turn would count towards a BA reward voucher. His wife referred him – so she lost out on 9,000 loyalty points for doing so. He was concerned that his credit file was affected because of the applications. And he had spent 14 hours on the phone or on online chats with Amex – this was time consuming and stressful.

In September 2022, Amex apologised for the rejection of Mr T's application, which was due to an internal IT error. They said that if he applied for a card again, this would go through without a problem. Amex said Mr T's credit file wasn't affected – as nothing had been reported to the credit reference agencies. They offered a credit of 10,000 loyalty points.

After Amex's response, Mr T's application was rejected twice more, and he brought his complaint to us. During our investigation, Amex agreed to increase the offer to 30,000 loyalty points – as a gesture of goodwill. Our investigator said Mr T's credit file wasn't affected. He said the offer from Amex was a fair one.

Mr T didn't agree, he said more points should be credited to him. He said he had the stress of not knowing about his credit file - it took Amex three months to let him know about that. He said the BA reward voucher was worth 130,000 Amex loyalty points, and he couldn't earn the BA voucher because of the delays. And he said again he'd spent 14 hours with Amex to resolve matters. He asked that an ombudsman look at his complaint.

## **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 have admitted that there was a systems issue which stopped Mr T from applying for another card. And they've apologised and offered 30,000 loyalty points as a gesture of goodwill for what happened. So – the crux of Mr T's complaint comes down to whether that

is reasonable or not.

Amex did confirm to Mr T in September 2022 that his credit file wasn't affected – because his application was rejected at the first check – the system rejected it as being a duplicate. And I think it is also fair to say that Mr T could've checked his credit file himself to see if Amex had carried out a credit search. So – I don't think Amex needed to do anymore in that respect.

Mr T has said his wife could've earned 9,000 loyalty points as she referred him. And because of the rejections, she didn't. But I noted that his successful application in December 2022 was referred by a friend – who in turn, got the 9,000 points. So - even though the points were earned by a friend, Amex did recognise the referral which was reasonable.

I considered what would be reasonable to settle Mr T's complaint here. Amex told us the cash equivalent of 30,000 points is £495 – that's what it would cost Mr T to purchase the reward voucher from BA. So – I thought about Mr T's complaint in the light of this. Our service has set out criteria for determining awards of compensation. These are available on our website at: <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

These say that where a firm's error has caused some inconvenience which has taken a reasonable amount of effort to sort out – then an award of up to £300 may be considered, I think that what happened here fits this description – which I am comfortable with. Therefore, Amex's offer of 30,000 loyalty points is a reasonable one.

Mr T has argued that there is also a further loss – as he couldn't accumulate points towards a BA reward voucher. He says he would've spent money on his card which would've enabled this. I consider that to be a consequential loss – and one which is too far removed from what happened. I think the compensation of loyalty points is in line with what is reasonable in the circumstances of this complaint. (**continued**)

### **My final decision**

Amex has already made an offer to credit Mr T's account with 30,000 loyalty points to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that American Express Services Europe Limited (AESEL) should pay 30,000 loyalty points.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 26 June 2023.

Martin Lord  
**Ombudsman**