

The complaint

Ms G complains American Express Services Europe Limited (“AMEX”) closed her account, removed her reward points and hasn’t provided an explanation for its actions.

To put things right, Ms G wants her account and reward points reinstated.

What happened

Ms G took out an AMEX charge card in 2017. In August 2021, AMEX wrote to Ms G to inform her it had decided to close her account with immediate effect saying her account no longer meets its criteria.

Unhappy with its actions, Ms G complained to AMEX. In its final response, and in summary, AMEX said:

- A review was placed on Ms G’s account and a decision was made to close it
- AMEX had acted in line with terms and conditions of the account when deciding to close it and its not obligated to provide a reason
- If AMEX closes an account in this way, any unredeemed reward points accrued will be lost unless there is an active linked card account
- Amex has not made any errors

Unhappy with AMEX’s response, Ms G referred her complaint to this service. One of our Investigator’s then looked into the complaint, and they upheld the complaint. In summary they found:

- AMEX had provided some reasons for why it took the actions it did, but it failed to provide enough evidence to show it acted properly in closing the account immediately
- Because of this AMEX hadn’t demonstrated that it had properly carried out its review before deciding to close the account
- AMEX does not have to provide a reason for its decision to review and close the account in the same way Ms G could close the account without explanation
- They couldn’t recommend AMEX reopen the account, but it should’ve given Ms G the full two months’ notice of closure, during which time she could’ve redeemed her reward points

AMEX did not agree with what our Investigator said, saying it wasn’t possible for it to carry out the recommendations given its reasons for closing the account - and to apply any funds as the account had closed.

Ms G agreed with our Investigator but was concerned as she had not been able to open

another AMEX account. In response, the Investigator said it was unlikely AMEX will accept her application for a new card and it was down to its commercial judgement if it did.

As AMEX haven't agreed with what our Investigator said, the complaint has now been passed to me to decide.

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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Regulated financial businesses in the UK, like AMEX, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Because of this, I'm satisfied AMEX did nothing wrong when reviewing Ms G's account.

AMEX is entitled to close an account just as a customer may close an account with it. But before it closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which AMEX and Ms G had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

To determine if AMEX applied its terms fairly in closing Ms G's account immediately, we would need to see enough evidence to see it acted fairly. AMEX can't provide call recordings it says it relied on. Given the proximity of Ms G's complaint about AMEX's actions, I'd expected it to have kept the recording.

Additionally, AMEX hasn't provided enough evidence for me to conclude it acted properly. Because of this, I've decided to uphold part of Ms G's complaint. Given the nature of the account, that is Ms G's spends money on credit and pays it back, I won't be asking AMEX to reinstate the account. Ms G can obtain a similar account from another provider. But I do think she's likely lost out on the value of AMEX's reward points she'd accumulated and relied on.

So, to put things right I think AMEX should pay Ms G the monetary value of the reward points at the point of closure.

Ms G says this matter has caused her distress and inconvenience. I can understand this but given this was a charge card whereby she would borrow money and pay it back, I don't think the loss of such a service, and any trouble and upset it caused, warrants a compensation award. Ms G would have had other funds to rely on, and I haven't seen any evidence her credit file was affected.

My final decision

For the reasons above, I uphold this complaint in part and direct American Express Services Europe Limited to pay Ms G the monetary value of her reward points at the point the account was closed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 7 July 2023.

Ketan Nagla
Ombudsman