

The complaint

Mr C complains that American Express Services Europe Limited (“AESEL”) closed his credit card account because of an error and without warning.

What happened

In 2022 AESEL decided to stop providing accounts to the residents of certain countries. Its records indicated that Mr C lived in one of those countries, so in August of that year AESEL wrote to him to tell him that it was going to close his account. It gave him 62 days’ notice, and said he could continue to use the card until then.

In response, Mr C phoned AESEL and told it that he had another address in another country (not the UK). The call handler accepted that address, and Mr C was issued with a new card. AESEL accepts that that should not have happened, because that second country was also on the list of countries which AESEL was no longer going to provide accounts to. If the call handler had told Mr C that at the time, then he would have given it another address in a third country – one which would have been acceptable. But he did not have the opportunity to do that, because he was told that the second country was acceptable.

The result of that error was that in November 2022 AESEL cancelled Mr C’s new card, this time without advance notice. It wrote to him to say “we have now closed your Card Account.” This was very inconvenient to Mr C, because he travels internationally for work and he was abroad at the time. He says that without his card he was unable to pay his hotel bill himself, and had to ask his adult children to pay for him, which was embarrassing. He had to make several international phone calls at some considerable expense.

Mr C complained, and AESEL upheld his complaint and apologised. Its complaint handler told him that he had requested that Mr C’s account be re-instated. But later AESEL’s Compliance department declined that request, and so his account was not re-opened after all. Being dissatisfied with the outcome of his complaint, Mr C raised the matter with our service. He suggested that AESEL should have to refund his entire annual membership fee of \$550, instead of the pro rata refund it had given him (which was less than \$50).

After that, AESEL told us that in March 2023 it had paid Mr C \$100 as a gesture of good will, as a contribution towards the cost of his international phone calls.¹

Our investigator upheld this complaint. He recommended that AESEL pay Mr C £100 for his inconvenience (in addition to the \$100 it had already paid him). AESEL accepted that recommendation, but Mr C said it did not go far enough. He described again the inconvenience he had been put to, and repeated his request for \$550. Because no agreement could be reached, this complaint was referred for an ombudsman’s decision.

I wrote a provisional decision which read as follows.

¹ Mr C says the cost was closer to \$200, but AESEL has not seen evidence of this, so it paid half of the amount claimed.

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 think that £100 does not go far enough, and I propose to increase it to £300. In coming to that decision, I have taken into account the fact that Mr C had been issued with a new card, so he quite reasonably assumed he could rely on it, and yet that card was then cancelled with no advance notice. I think that would have been quite inconvenient and frustrating for him. Also, it must have been especially galling to be told that his account would be re-instated, only to be told later that it would not be (notwithstanding that this had been described to him as a request made by one arm of the bank to another). That seems to me like adding insult to injury.²

That said, I think that a full refund of his annual fee would be a little too much, since he had the use of that card for more than five sixths of that year. So instead of refunding that fee, I have chosen a figure which I think is fair compensation for what happened.

So I am currently minded to uphold this complaint and to order American Express Services Europe Limited to pay Mr C £300 (in addition to the \$100 it has paid him already).

Responses to my provisional decision

AESEL accepted my provisional decision. Mr C did not reply. So there is no reason for me to depart from my provisional findings, and I confirm them here.

My final decision

My decision is that I uphold this complaint. I order American Express Services Europe Limited to pay Mr C £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 October 2023.

Richard Wood
Ombudsman

² I have not treated the bank's decision to decline to re-open the account as part of this complaint, as Mr C has not complained about that. If I have misunderstood the scope of his complaint then I invite him to correct me.