

The complaint

Mr H complains that America Express Services Europe Limited closed his account without giving a reason. He would like the account and his loyalty points reinstated or monetary compensation for the lost points.

What happened

Mr H had an account with Amex. His previous partner was a supplemental account holder, and she had an original address in the DNR region of Ukraine. In March 2022 he realised he couldn't use his account. Amex had blocked his account to carry out a review. Following their review Amex issued Mr H with a notice to close.

Mr H has said the closure caused him a lot of problems as he was needing to travel urgently with his girlfriend.

Mr H is unhappy Amex decided to close his account and as a result he lost his loyalty points. He wanted a detailed explanation why the account was closed.

Amex said it hadn't done anything wrong when it blocked and closed Mr H's account. And it had done so in line with the account terms and its regulatory obligations. In relation to the points, they said these were forfeited when the account was closed.

Mr H wasn't happy with this response, so he brought his complaint to our service where an investigator considered it. The investigator asked Amex to provide more information about why it had blocked and closed Mr H's account. But Amex said it couldn't provide anything more than it had already provided to us. And maintained that it hadn't treated Mr H unfairly when it had blocked and closed his account.

The investigator said that based on the limited information Amex had provided she wasn't satisfied that Amex had treated Mr H fairly when it had blocked and closed his account. Mr H wanted the account reinstated but Amex said it had been too long since the closure. Our investigator thought Mr H should receive £125 compensation for the distress and inconvenience of closing the account. In addition, she calculated that Mr H's loyalty points had a monetary equivalent of £743.94.

Amex agreed with the view.

Mr H was unhappy with the view he thought the calculation of the monetary value of the points was unfair and he provided this service with alternative calculations for the value of his points. Our investigator thought the calculation for monetary equivalence to the loyalty points provided by Amex was fair.

In my provisional decision I said:

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 the complaint should be upheld but for different reasons than those provided by the investigator, and I'll

explain why below.

I'll start by setting out some context for the review of Mr H's account. UK legislation places extensive obligations on regulated financial businesses. This includes sanctions that are in place in relation to countries, individuals, trade and transactions. Amex is expected to take measures to comply with current sanctions, which means it has extensive things it needs to be aware of and monitor. Sanctions policies are also just one of the many things Amex must consider to ensure it's doing what it should. Amex is therefore obliged to undertake reviews of all accounts. These obligations override all other obligations. I am satisfied Amex were complying with these obligations when they reviewed Mr H's account.

Following the review Amex decided to close the account immediately. Amex have relied on the terms and conditions of the account.

Mr H wants to know the specific reasons why Amex reviewed the account and subsequently closed it. But Amex doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr H the reasons behind the account block and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr H this information. And it wouldn't be appropriate for me to require it do so.

Having said that Amex provided this service with information relating to the closure of the account. Having reviewed this information I'm not satisfied that Amex had sufficient evidence to warrant a closure of Mr H's account. Amex didn't ask Mr H for any up-to-date information on his circumstances, in particular where he lived, how he used his card or how the supplemental account holder used their card. Had they asked Mr H sufficient questions and based on the information he has provided to this service it's likely that Amex wouldn't have closed his account in the way it did.

In any event looking at the information provided to me I'm satisfied that Amex were entitled to review the account. However, I am not satisfied that Amex has strong enough evidence to warrant the closure of Mr H's account and the subsequent loss of his loyalty points. It follows I don't think they have treated Mr H fairly in this situation.

I've gone on to consider what Mr H has said about how Amex's actions impacted him and how he wanted his account reinstated.

Mr H's account accrued loyalty points. Mr H has told us he had 185,958 loyalty points which he had accumulated over many years.

Because I can't be satisfied that Amex have acted fairly, I am intending to recommend that Amex reinstate Mr H's account and recredit his points. I know Amex have said that too much time has elapsed since the account was closed. I appreciate what Amex are saying but looking at the evidence I can't say they were fair when they closed Mr H's account so my view is that they must put him back in the position he would have been had they not closed the account. I also agree Amex should pay Mr H compensation for the trouble and upset caused by blocking and closing his account. Looking at everything the £125 awarded by the investigator seems fair in the circumstances and I don't see a reason for changing this amount.

Alternatively, if Amex can't reopen the account and reinstate the points then it should provide him with the monetary equivalent of 1p per point value as this is how Mr H has said he would have used the points.

Responses to my provisional decision

In response to my provisional decisions both Mr H and Amex have made comments. I thank both parties for their replies to my provisional decision.

Amex said that they were not able to reopen the account as too much time had elapsed. They also thought 1p per point was much higher than the points actual value and they were happy to agree with the compensation suggested in the original view.

Mr H said that according to the information he provided to this service he could get 1.4p per point and that should be the compensation figure calculation that is used by this service. Mr H also said he was disappointed with the way Amex had dealt with his complaint and it should face financial penalties.

Now both sides have had the opportunity to comment I can go ahead and issue my final decision.

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 also considered again my provisional findings in the light of Amex and Mr H's response to it.

Amex have said they are unwilling to reopen the account. They have also said the 1p per point compensation is much higher than their actual value. I understand that Amex may have difficulties in reopening the account after this length of time however I am still of the view that Amex acted unfairly when they closed Mr H's account.

I have also gone on to consider what Amex have said about the value of the points. And I understand Amex's position regarding the value of the points. I have considered that Mr H wouldn't have been in this position but for Amex closing his account. Mr H has said he would have used his points to travel. I have seen evidence provided by Mr H that the points can be exchanged at different rates so I can't say I agree that the points only have the value given to them by Amex.

Mr H has said he doesn't think that I have valued the points at their correct value, and they should be calculated at 1.4p per point. Mr H has provided information to this service of the types of exchanges available to him for the points he had with Amex. The values vary depending on what a customer wishes to redeem them for and the date. Values can and do fluctuate depending on what offers are available at the time. Calculating the value of points isn't an exact science and although Mr H will disagree with my assessment, I'm satisfied that the amount of 1p per point fairly compensates him for the loss of opportunity to use his points.

In summary I have considered what the parties have said. I have also taken into account that Mr H didn't have the opportunity to use his points when he wanted to as Amex had closed the account. I have already said I don't think Amex acted fairly when it closed his account and deprived him of his points. I think the proposed compensation of 1p per point is fair and I haven't seen anything to make me change my mind.

Mr H has suggested that Amex should face financial penalties for the way it has behaved. This is not the remit of the Financial Ombudsman Service. We are here to resolve complaints in an informal way by reaching a fair and reasonable outcome. If Mr H feels strongly about this, he may wish to contact the regulator, the Financial Conduct Authority.

I appreciate that both Mr H and Amex will be disappointed with my decision. But having considered the evidence and the subsequent comments from both parties I see no reason to depart from my provisional findings. I remain of the view that this complaint should be upheld for the reasons set out in my provisional decision which are repeated above and form part of this decision.

My final decision

For the reasons stated above I uphold the complaint and require American Express Services Europe Limited to

- Pay Mr H compensation of £125 for the distress and inconvenience caused.
- Provide him with a monetary equivalent of 1p per point making a total of £1,859.58

American Express Services Europe Limited must pay the compensation within 28 days of the date on which we tell it Mr H accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 October 2023.

Esperanza Fuentes
Ombudsman