

## **The complaint**

Mr R complains that American Express Services Europe Limited (AESEL) reduced his credit limit without any warning, didn't help him with his financial difficulties and didn't make reasonable adjustments for him in the way they communicated.

## **What happened**

Mr R has two credit cards issued by American Express. He has difficulties with his speech sometimes which means he doesn't use the phone to communicate. Mr R has told us about a health diagnosis in November 2019. He says he was off work for several months and he got into debt. He says the pandemic put even more strain on his household finances and made matters worse. In his own words, he got into a "debt hole".

Mr R paid almost twice the minimum payment towards the outstanding balance on one of his cards in the run up to Christmas 2020 – he says he did so to keep interest low and to ensure that he had available credit. He says American Express reduced his credit limit after he'd done so without any warning and with immediate effect. Mr R says American Express' actions left him with £5 worth of available credit. He says he didn't even have money to buy food which meant he had to beg and borrow for food from his family. He says this made him realise he wasn't getting out of his debt hole which in turn prompted him to contact American Express.

Mr R contacted American Express using their online chat. He said he couldn't use phones because of the problems he had with his speech and asked for help with the financial difficulties he was in. He says the member of staff he spoke to on the chat said he couldn't help and gave him an email address to contact instead. Mr R says he emailed the address he'd been given but he got no response. Mr R says he received a form in the post from American Express to appoint a third party to help with his account, but without any explanation as to why the form was sent. He says he didn't want to appoint a third party to help him as he was extremely embarrassed about being in so much debt and he didn't want to talk to his family and friends about this. Mr R says he chased American Express a couple of times and used their online chat again – and he was given the same email address again. He says American Express didn't reply when he emailed them a second time either.

Mr R says that instead of helping him, American Express sent him a letter in June 2021 saying that they were going to increase the interest rate he was paying on one of his cards by over 4%. He says he assumed American Express would increase the interest rate for his other account too. So, he asked American Express to close both of his accounts – the letter he received in June 2021 said he could ask American Express to close his account if he didn't want his interest rate to go up – and he made a repayment proposal that reflected the fact that he was in financial difficulties.

Mr R says American Express didn't close his accounts as he'd asked – they went ahead and increased the interest rate he was paying on one of his cards by over 4% instead – and they didn't respond to his repayment proposal either. So, he complained about those things, and about the fact that American Express hadn't helped him when he said he was unhappy that his credit limit had been reduced without any warning, and the consequences this had.

American Express investigated Mr R's complaints but they didn't uphold them. American Express said that they were entitled to reduce his credit limit without any warning under their terms and conditions. American Express also said that they had been trying to work out the best way of contacting him having received his message explaining why he wasn't able to use a phone. American Express said that Mr R could get in contact using their online chat or he could authorise a third party to discuss his account with American Express. As a gesture of goodwill, American Express said that they were happy to credit the most recent interest charge to his account. Mr R was unhappy with American Express's response and complained to us.

One of our investigators looked into Mr R's complaint. He upheld Mr R's complaint saying that American Express hadn't acted fairly when Mr R asked for his accounts to be closed in June 2021. So, they recommended that American Express reverse the interest rate increase they applied to Mr R's account and agree a repayment plan with him. In addition, they recommended that American Express pay Mr R £150 in compensation for the distress and inconvenience caused. Our investigator didn't think American Express had acted unreasonably when they had reduced his credit limit with immediate effect – as this meant Mr R didn't end up going over his new limit – and that they hadn't acted unreasonably in the way they'd communicated as it was important they did so in a secure manner.

Mr R wasn't happy with what our investigator recommended. He said that when American Express reduced his credit limit without any warning that's when his real problems had begun. He asked for his complaint to be referred to an ombudsman. So, I've looked into his complaint and have asked both sides for additional information.

Following my involvement, American Express has accepted that they made a number of errors in this case, and that they didn't help or support Mr R as they should have done. First, American Express has accepted that they gave Mr R conflicting information when he originally asked for help – he shouldn't have been told he had to email to get help. Secondly, American Express has accepted that they didn't get back to Mr R when he emailed as he'd been told he had to and that their support was insufficient. Thirdly, American Express has accepted that the team that was asked for advice on the best way to contact Mr R never got back with this advice, so nothing was done. And finally, American Express has accepted that they didn't close Mr R's accounts in June 2021 when he gave clear instructions to do so.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Mr R has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.*

*Mr R has said he suspects American Express are not complying with their obligations under the Equality Act. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mr R wants a decision that American Express has breached the Equality Act 2010, then he'd need to go to Court. American Express does, however, appear to now accept that it didn't make the adjustments it should have done given the mistakes it's accepted it made. I'll expand on that."*

*Mr R says things started going wrong for him when American Express reduced his credit limit without any warning in the run up to Christmas 2020. He says he realised at that point*

*that he was in a debt hole. So, he contacted American Express for help.*

*American Express have admitted to me that they have let Mr R down on a number of occasions. They admit to making errors all through this time and they did not support him or help him as they should have done. They gave him conflicting information as they told him to email them and provided them with the email address he used. And when he did this, his emails were not responded to despite them receiving the emails. They have later said he could have used the chat facility. But when he used the chat facility after he was given the email address, he was told to phone them despite American Express being told of his disability multiple times. He was not routed to the correct chat agent to discuss his financial difficulty.*

*I can understand why Mr R says American Express didn't make reasonable adjustments in light of this in particular. American Express have also admitted that staff left notes on their system to say that they had escalated the issue about the communications to team leaders and "seniors", but there is no outcome of what these senior staff members decided – if anything. This left Mr R needing to chase them up when it appeared his emails were being ignored, which would have inconvenienced him and would have been distressing, especially given his disability and his financial difficulty. They also accept they didn't act upon Mr R's request to close both of his accounts and therefore avoid the interest rate increase. They accept that they have failed Mr R, and this was not a good experience for him. It's disappointing that American Express hadn't accepted these errors at the time, as this may have enabled Mr R to have support at a time when he was financially vulnerable and trying to take control of his finances, although it's right they accept these errors now.*

*But these errors had a large impact on Mr R at the time. Not only did he have no money for Christmas to eat and he had to get help from other people when his credit limit was reduced immediately (without notice as the terms and conditions say he would get), but he felt helpless on more than one occasion due to American Express' actions. I say this because his disability was ignored by the chat agents directing him to the phone, despite him telling American Express about this on a number of occasions. Mr R opened up about his financial difficulties to them – which couldn't have been an easy thing to do. He felt consumed by the debt he was in and he asked for help and he was often not provided with a reply despite American Express receiving his emails and his request to close his accounts wasn't acted upon.*

*Based on the several attempts Mr R made to resolve his various issues, I would have expected American Express to make it much easier for Mr R to be able to communicate with them in an appropriate way. American Express have told me that they have implemented a new bespoke process from early 2022, where they can email appropriate personal responses. They have also said that if Mr R is still in financial difficulties and needs financial support, they can have a conversation (via chat), carry out an income assessment and look to support him with any appropriate support and payment options that apply moving forward.*

*I've considered what would be a fair outcome for this complaint. American Express appears to have accepted, given the errors it has admitted, that it didn't make reasonable adjustments for Mr R at a time when he was financially vulnerable, and despite Mr R informing American Express of his disability. American Express have already refunded a months' worth of interest for Mr R. But I'm not persuaded that this is a sufficient resolution of the complaint based on the multiple errors I've documented above. So I'm persuaded it would be reasonable for American Express to contact Mr R via email, based on the new process they have put in place, to discuss affordable ways he can make his repayments. This may include the Financial Relief Programme, which Mr R has mentioned he received an email about, but this ultimately would be a decision for American Express and Mr R to agree to. They should be clear how the different options may affect Mr R's credit file – if at all, so*

*he can make an informed decision on what would be the most appropriate choice for himself.*

*American Express should rework both of Mr R's accounts to reflect that the interest rate should not have been increased after he told them to close his accounts in June 2021. And they should refund the proportion of interest they charged to his account when they increased the interest rate on the account.*

*I've then considered what Mr R should be paid for distress and inconvenience for the failings I've already documented. I'm satisfied that American Express should pay Mr R £600 for distress and inconvenience. I'm persuaded that this recognises the impact of the multiple errors they have made and the impact these errors would reasonably have on Mr R, especially given his disability, the circumstances he's detailed around Christmas 2020 and given his individual personal circumstances at the time. Mr R's communication appeared to be often ignored, despite some of his requests being escalated to senior staff (although he wasn't aware of this), but not acted upon, lasting several months until Mr R complained in June 2021. But then American Express did not act upon his instructions and they charged him higher interest on at least one of his accounts. So I'm satisfied that £600 compensation would help put things right for Mr R."*

I invited both parties to let me have any further submissions before I reached a final decision. American Express did not respond to the provisional decision. Mr R said that in principle he would agree to the provisional decision, but he wanted me to consider what outcome American Express would have come to had they engaged with him properly when he told them about his financial difficulty.

### **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 considered what Mr R has said about what outcome American Express would have come to if they engaged with him properly when he told them about his financial difficulty. This is something which I had considered, but ultimately it would be impossible to know what outcome would have been reached – if any.

I say this because I've looked at the information Mr R provided American Express on 11 January 2021 regarding his income and outgoings. This showed he had disposable income of £25.50. So it could appear that his current repayments at the time were affordable. But I do recognise this wasn't a high amount of disposable income and this could change based on his circumstances. The outgoings also didn't include items such as leisure costs or clothing. In addition, I'm conscious of the ongoing nature of the pandemic and lockdowns at the time could have resulted in costs changing.

The Financial Relief Programme came into force on 4 August 2021, several months after Mr R had informed them of his financial difficulty, so it's unlikely this would have been offered to him. And any arrangement which American Express put forward at the time Mr R first contacted them may have had an impact on Mr R's credit file. So it's not clear if Mr R would have agreed to an arrangement at the time which may have had an impact on his credit file. So it's possible that American Express could have offered Mr R assistance, it's just not clear what assistance they would have offered him or what Mr R would've agreed to.

That is why I said the following in my provisional decision "*So I'm persuaded it would be reasonable for American Express to contact Mr R via email, based on the new process they have put in place, to discuss affordable ways he can make his repayments. This may include*

*the Financial Relief Programme, which Mr R has mentioned he received an email about, but this ultimately would be a decision for American Express and Mr R to agree to. They should be clear how the different options may affect Mr R's credit file – if at all, so he can make an informed decision on what would be the most appropriate choice for himself.”*

In summary, Mr R's response hasn't changed my view and my final decision and reasoning remains the same as in my provisional decision. If Mr R is disappointed with this, I hope he understands my reasons.

### **Putting things right**

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask American Express Services Europe Limited (AESEL) to rework Mr R's accounts to reflect that the interest rate should not have been increased after he told them to close his accounts in June 2021. They should refund the difference of interest which was charged on his account between the interest rate that he was paying in June 2021, and the increased interest rate.

If Mr R still owes an outstanding balance on either account, then I intend to ask American Express to contact him via email, under their new process to work out an affordable repayment plan. American Express should be clear how the different options may affect Mr R's credit file – if at all, so he can make an informed decision on what would be the most appropriate choice for himself if he is still suffering from financial difficulty.

I intend to ask American Express Services Europe Limited (AESEL) to also pay Mr R £600 for distress and inconvenience for the reasons I've already given. I'm still satisfied this is a fair outcome for the reasons given previously.

### **My final decision**

I uphold this complaint. American Express Services Europe Limited (AESEL) should settle the complaint in line with the instructions in the *“putting things right”* section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 May 2023.

Gregory Sloanes  
**Ombudsman**