

The complaint

Mr C complains that American Express Services Europe Limited (AESEL) lent to him irresponsibly.

What happened

In July 2019 Mr C applied for a charge card with AESEL. AESEL approved the application.

Mr C later complained that the lending was irresponsible.

AESEL didn't uphold the complaint. It said it had carried out proportionate checks before lending to Mr C.

Mr C remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. They said that AESEL had carried out reasonable and proportionate checks and that the lending decision was fair.

Mr C didn't agree. He said his circumstances had changed after he applied for the card, and that he'd made AESEL aware of this.

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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Mr C's complaint.

Before agreeing to lend, AESEL needed to complete reasonable and proportionate checks to ensure that Mr C could sustainably repay what was being lent to him. There's no set list of checks that a lender has to complete. But lenders are required to have regard to things like the amount being lent, the total amount repayable, the monthly repayment and the consumers individual circumstances.

Mr C declared annual income of £95,000 when he applied for the account. He also declared unsecured debt of around £25,000.

AESEL carried out a credit check. There was no adverse information on Mr C's credit file. All of his existing credit repayments were up to date and he had no defaults or CCJ's.

Based on what I've seen, I think the checks carried out by AESEL were reasonable and proportionate. There wasn't anything in the information gathered from the checks which suggested that Mr C was struggling to repay his debts or that further checks needed to be carried out.

I've gone on to consider whether the lending decision was fair. There's nothing in the information gathered from the checks to suggest that Mr C was unlikely to be able to

sustainably repay the lending or that the lending wasn't affordable for him.

Taking everything into account I'm unable to say that the lending was irresponsible.

I appreciate that Mr C has experienced financial difficulties since taking out the card. And I can see that he told AESEL about his change of circumstances. I don't think AESEL could have foreseen this at the time of the lending decision. But going forwards, AESEL should try and agree an affordable repayment plan with Mr C.

My final decision

My final decision is that I don't uphold the complaint.

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

Emma Davy
Ombudsman