

The complaint

Miss B complains that American Express Services Europe Limited (AESEL) lent to her irresponsibly.

What happened

In January 2022 Miss B applied for a credit card with AESEL. AESEL approved the application and gave Miss B a card with an initial credit limit of £1000.

Miss B complained that AESEL had lent to her irresponsibly. She said she already had significant credit commitments at the time she applied for the card.

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

Miss B remained unhappy and complained to this service.

Our investigator upheld the complaint. They said that AESEL hadn't provided details of the checks it had carried out before lending to Miss B and that because of this it wasn't possible to conclude that AESEL had complied with its obligation to satisfy itself that Miss B would be able to sustainably repay the credit.

AESEL didn't respond to the investigators view so I've been asked to make a 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.

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 Miss B's complaint.

Before agreeing to lend the rules say that AESEL needed to complete reasonable and proportionate checks to ensure that Miss B could sustainably repay what was being lent to her.

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 customers individual circumstances when deciding what's reasonable and proportionate.

This service asked AESEL to provide details of the checks it completed before lending to Miss B. AESEL hasn't provided any information. Because of this, I'm unable to say that AESEL completed reasonable and proportionate checks to ensure that Miss B could sustainably repay what was being lent. In these circumstances, I'm unable to safely conclude that AESEL has shown that it completed reasonable and proportionate checks. Therefore, I'm upholding the complaint.

Putting things right

To put things right, AESEL must:

Refund all interest and charges applied to the account together with 8% simple interest per year from the date of each payment to the date of settlement

My final decision

I uphold the complaint. American Express Services Europe Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 August 2023.

Emma Davy
Ombudsman