

The complaint

Mr J complains that American Express Services Europe Limited (AESEL) unfairly blocked and closed his accounts without providing an explanation or warning. Mr J says this caused him unnecessary inconvenience and worry for which he should be compensated.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

I am aware that Mr J has raised complaints with this service regarding all of the accounts he held with AESEL which relate to his business and personal accounts. This decision will focus on Mr J's complaint regarding his personal accounts.

Mr J was a long standing customer of AESEL. In October 2022, AESEL blocked and reviewed Mr J's accounts. This meant Mr J wasn't able to use his accounts. Mr J discovered that there was a problem with his account when his son tried to make a payment using his supplementary card for the account. Following, this Mr J tried to use his card and his payment was also declined. Mr J contacted AESEL, but he wasn't provided much information about why he couldn't use his account.

In November 2022, AESEL decided to close Mr J's accounts and wrote to him giving him 60 days' notice to make alternative banking arrangements. Mr J's accounts were closed in January 2023.

Mr J complained to AESEL. He said he hadn't done anything wrong and had always maintained his accounts properly. So, he said AESEL had no good reason to block and close his accounts. He said that AESEL's actions had made him feel like a criminal and asked AESEL to provide an explanation for why it no longer wanted him as a customer.

In response, AESEL said that it had blocked and closed his accounts in line with the account terms and conditions and regulatory obligations. AESEL also said it wasn't obliged to provide Mr J with an explanation behind the block and closure of his accounts. So, it didn't uphold Mr J's complaint.

Unhappy with this response, Mr J brought his complaint to our service where one of our investigators looked into what had happened. Mr J told us that he'd been a good customer of the bank since the late eighties. He said his son, who has a card for his account, can be a bit of an extravagant spender, but he'd never fallen behind with payments so he can't understand why AESEL closed his accounts. He said the closure of his accounts caused him trauma and impacted his bill payments. He wants AESEL to reopen his accounts.

The investigator asked AESEL to provide more information about why it had blocked and closed Mr J's accounts. But AESEL said it couldn't provide anything more than it had already provided to us. AESEL maintained that it hadn't treated Mr J unfairly when it had blocked and closed his accounts. And it wasn't willing to reopen his accounts.

The investigator said based on the limited information that AESEL had provided, she couldn't say they had treated Mr J fairly when it had blocked and closed his accounts. So, she said AESEL should pay Mr J £100 compensation for any trouble and upset the block and closure of his accounts had caused him. AESEL didn't respond. Mr J did and disagreed with what the investigator said about his complaint. He said that £100 compensation isn't enough for the amount of trouble and upset he has suffered. He said he wants AESEL to reopen his accounts.

As no agreement could be reached the matter has come to me to decide.

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'll start by setting out some context for AESEL's review of Mr J's accounts. Banks and financial business have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit AESEL to block an account. This means AESEL is entitled to block and review an account at any time.

Banks and financial businesses are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mr J's account say that in certain instances AESEL can close the accounts with immediate notice and by providing 60 days' notice to a customer. And it doesn't have to provide a reason for doing so. AESEL wrote to Mr J in November 2022, giving him two months' notice that it was closing his accounts and that he'd need to make alternative banking arrangements. So, I'm satisfied that it has complied with this part.

I understand Mr J wants AESEL to explain the reason it blocked and closed his accounts. It can't be pleasant being told you are no longer wanted as a customer – especially after being a customer of AESEL for as long as Mr J had. But AESEL doesn't disclose to its customers what triggers a review of their accounts to its customers. It's under no obligation to tell Mr J the reasons behind the account review and block, as much as he'd like to know. It's also under no obligation to provide Mr J with the reasons it no longer wants him as a customer. So, I can't say it's done anything wrong by not giving Mr J this information. And it wouldn't be appropriate for me to require it to do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

AESEL can only close accounts in certain circumstances and if it's in the terms and conditions of the account. AESEL have relied on the terms and conditions when closing

Mr J's accounts. However, AESEL still needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, AESEL has failed to provide information about why it no longer wanted Mr J as a customer.

I've considered what AESEL has said about why it won't provide further information to our service about the reasons it closed Mr J's accounts. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by AESEL exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that AESEL has treated Mr J fairly when it closed his accounts. Taking this into account, like the investigator, I agree that AESEL should pay Mr J compensation for the trouble and upset caused by closing his accounts.

The investigator said AESEL should pay Mr J £100 compensation for the trouble and upset he was caused. Having considered what Mr J has told us about how closure of his accounts impacted him, I've no doubt this was a worrying and upsetting time for him. I also acknowledge Mr J's comments about his concern that the account closure may impact his credit file, but I've not seen any evidence that this is the case. Mr J also hasn't provided any evidence in support of what he's said about how AESEL closing his account impacted him – that his bill payments were missed. So having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £100 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr J was caused. So, while Mr J may disagree with me, I won't be asking AESEL to do anything else to resolve this complaint.

Finally, I know that Mr J wants AESEL to reopen his accounts. Although AESEL haven't provided this service with the reasons why it no longer wants Mr J as a customer. I am not going to ask AESEL to reopen Mr J's accounts. That's because it has the commercial freedom to decide who it wants as a customer.

My final decision

For the reasons I've explained I uphold this complaint. To put things right American Express Services Europe Limited should:

- Pay Mr J £100 compensation for the trouble and upset caused by the AESEL closing his accounts

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 January 2024.

Sharon Kerrison
Ombudsman