

The complaint

Mrs L complains that American Express Services Europe Limited (AESEL) charged an incorrect amount on a transaction.

What happened

In April 2023 Mrs L purchased 5 flights using her American Express card. The flights should've cost around £320 each.

Mrs L received a text alert advising her that she had exceeded the credit limit on her card. She checked her account and found that each flight had been charged at £32,007.00

Mrs L contacted AESEL. It referred her to the merchant airline. However, it then came to light that the error was due to an issue with the decimal point in the Icelandic currency conversion rate on AESEL's servicing platform, meaning that the transaction had been charged at 100 times what it should have been.

AESEL raised disputed transactions and credited Mrs L's account.

Mrs L was concerned about getting on the flight and getting stuck abroad because AESEL had advised her that the merchant might challenge the disputed transaction claim. Because of these concerns, Mrs L cancelled the flights and received a refund of £119, and purchased flights with an alternative provider at a cost of £2464.50.

Mrs L raised a complaint with AESEL. AESEL upheld the complaint and apologised for the error. It credited Mrs L's account with £75 in recognition of the inconvenience she'd experienced.

Mrs L remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. He didn't think that the compensation paid by AESEL was a fair reflection of the impact the error had on Mrs L. The investigator said that AESEL should pay a further £200 compensation for distress and inconvenience (in addition to the £75 already paid) and in addition, that AESEL should cover the difference between the tickets of £745.20.

Both Mrs L and AESEL accepted the investigators view. However, AESEL only credited the sum of £200 to Mrs L's account and failed to credit the £745.20.

AESEL later contacted this service and apologised. It said it had overlooked this part of the investigators recommendation and said it would action a credit of £745.20 straightaway.

Mrs L said she was no longer willing to accept the investigators recommendation because AESEL had failed to implement it.

The complaint has been passed to me for review.

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.

AESEL has acknowledged that it was responsible for the error in the way that the transactions were charged to Mrs L's account, so I won't be commenting further on this. Instead, I'll focus on what is a fair and reasonable resolution to Mrs L's complaint.

There are two aspects to Mrs L's complaint. The first aspect is the distress and inconvenience she was caused as a result of the error. The second is the financial loss suffered by Mrs L when she cancelled her original flights and re-booked with an alternative carrier.

It's clear that Mrs L has been caused a significant inconvenience as a result of the error. She's told this service that she had to spend a lot of time on the phone to AESEL trying to resolve things. I agree with the investigator that the compensation initially offered by AESEL doesn't fairly reflect the impact of the error. I also agree with the investigator that the further sum of £200 is a fair and reasonable amount for the distress and inconvenience caused.

Turning now to Mrs L's financial loss. Mrs L has said that she made AESEL aware of her concerns that the flights wouldn't be honoured because of the ongoing disputed transaction claim. Mrs L says that she contacted AESEL repeatedly about this but that she wasn't given the confirmation that she sought. It was against this background that Mrs L says that she felt that she had no option but to cancel the flights and rebook them with a different airline.

I understand why Mrs L acted as she did. However, I do have some doubts as to whether AESEL could have provided Mrs L with the confirmation that she sought. Only the airline would have been able to do this. It isn't clear from the information provided to me whether Mrs L sought to confirm that she would be able to board the flights with the airline directly. It's for this reason that I don't think it would be fair to ask AESEL to cover the total cost of the replacement flights.

That said, I think AESEL should accept some responsibility for not providing Mrs L with clear information about the disputed transaction process and whether this could affect her ability to use the flights. I'm persuaded that Mrs L tried to obtain this information from AESEL but didn't receive a timely or clear response. For these reasons I agree with the investigator that AESEL should cover the difference between the cost of the tickets (£745.20)

Putting things right

To put things right, American Express Services Europe Limited must pay the further sum of £200 compensation for distress and inconvenience. In addition, it must pay the sum of £745.20 for the difference in the cost of the tickets.

My final decision

My final decision is that 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 Mrs L to accept or reject my decision before 27 December 2023.

Emma Davy

Ombudsman