

The complaint

Mr H says American Express Services Europe Limited (AmEx) unfairly closed his credit card account and mis-advised him about re-applying.

What happened

Mr H applied for an AmEx credit card account in September 2022. AmEx then suspended the account pending receipt of further information from Mr H in support of the application. Mr H responded to its requests.

In December 2022, AmEx wrote to Mr H to confirm it was closing the account as it wasn't satisfied with his responses. He said he subsequently re-applied for AmEx accounts following advice from AmEx representatives to do so. But those applications were declined and, he said, this resulted in his credit score being further adversely affected.

After Mr H complained, AmEx stood by its actions and its decision to close his account.

Unhappy with AmEx's response, Mr H complained to this service. One of our investigators looked into the complaint and recommended that it shouldn't be upheld. They believed AmEx had acted fairly given the account terms and conditions and that it hadn't done anything wrong.

As Mr H was unhappy with the investigator's findings, the complaint was passed to me to review afresh and reach a decision. Among other things, Mr H said he'd been adversely affected by what AmEx had done.

On reviewing the complaint, I issued a provisional decision upholding it in part. I explained that I didn't think AmEx had unfairly closed the account given it had done so in line with the account terms and conditions. But, for the inaccurate and inconsistent advice AmEx gave Mr H, I considered it should pay him compensation of £100.

I gave both parties the chance to respond with any further comments or information they wanted me to consider before I finalised my decision.

Mr H replied that he understood his account could be closed without a reason being given. His point was that AmEx had given him a reason – that the information it had requested from him hadn't been received in time. Mr H said that wasn't true as he'd provided the information twice and on the day it was requested.

Mr H said if his account couldn't be reinstated, he should be awarded a far higher amount of compensation than £100.

AmEx didn't reply to my provisional 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.

Having done so, I'm confirming my final decision to uphold the complaint in part. I'll explain why.

In my provisional decision, I recognised how frustrating it must have been for Mr H to discover that his account had been suspended and then closed without his agreement. He clearly feels he's done nothing wrong, and that AmEx's actions simply aren't justified.

On the other hand, I'm mindful that, just as a customer can close an account with a bank with or without reason, there isn't anything to stop a bank from doing likewise. As long as that bank does so fairly and in accordance with its terms and conditions. Mr H says he understands this.

As stated before, I've reviewed the applicable account and credit card terms and conditions and they explain AmEx will write to the consumer at least two months before closing their account (unless there are reasons for it to close the account immediately). They don't suggest that AmEx must provide a reason every time an account is closed. From experience, such terms are commonly found in personal banking and credit card agreements, and I don't think they're inherently unfair or unreasonable.

Based on the available information, and as accepted by Mr H, I'm satisfied AmEx provided Mr H with two months' notice before closing the account in line with the account terms and conditions.

As such, I don't think AmEx treated Mr H unfairly in closing the account as it did.

I note that Mr H says AmEx's closure of the account adversely affected his credit rating. That's unfortunate for Mr H but, as I say, I think AmEx was entitled to take the action that it did. So, I don't find that it's responsible for the consequences of the closure.

I'm aware that Mr H attempted to re-apply for AmEx accounts and that, he says, this was based on advice given by members of staff at AmEx. I've listened to a call recording Mr H has provided in which he was firstly told by AmEx he could apply for a different AmEx credit card to the one he'd originally applied for. He was then put through to another representative who confirmed Mr H would be able to apply for any AmEx credit card account, including the same type of account as that one that had just been closed.

The representative went on to say that the application would be accepted provided Mr H sent it the information it had requested.

I don't think the advice Mr H received during the call was entirely accurate or consistent. And I believe it unfairly raised his expectations as to the potential success of any future applications he might make.

As a result, I still think it would be fair for AmEx to pay Mr H £100 as compensation for the impact of its mis-advice. The advice caused Mr H unnecessary inconvenience and disappointment at a time when he was already unhappy with AmEx's actions. But I'm still not asking AmEx to pay compensation in relation to Mr H's credit rating following the re-applications. That's because I've not seen any evidence to indicate his credit rating suffered due to AmEx's actions or that, if it did, Mr H has lost out financially as a result.

I understand Mr H's point about the reasons AmEx gave for closing his account. And I've carefully considered the evidence he's sent me in response to my provisional decision. But I think the amount I've awarded is sufficient to cover the impact of any confusion caused by

AmEx for that aspect. I don't believe additional compensation's warranted in the circumstances and because AmEx was always entitled to close the account without giving reasons.

As for the reinstatement of Mr H's account he's asked for, that's a commercial decision for AmEx to make and isn't something I can reasonably interfere with.

Putting things right

AmEx should pay Mr H £100 as compensation for the impact of its errors and in mistakenly leading him to believe his re-applications for a credit card would be accepted.

My final decision

For the reasons given, I uphold this complaint in part. I require American Express Services Europe Limited to put things right for Mr H as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 October 2023.

Nimish Patel
Ombudsman