

The complaint

Mr M complains that American Express Services Europe Limited (AMEX) took too long to refund unauthorised payments on his account and gave him misleading information over the phone.

What happened

Around December last year, Mr M reported some unauthorised payments on his credit card. He's unhappy that AMEX didn't refund the payments straight away, so he had to chase this up. Mr M says AMEX breached the relevant regulations by failing to issue the refund immediately.

Mr M received a statement during the period he waited for the refund. He says he potentially faced having to pay towards the unauthorised transactions because AMEX failed to refund the payments on time. Mr M enquired with AMEX about this at the time and is unhappy he was given inaccurate information. Mr M says he had to manually adjust his payment for this statement period and then had to set up a direct debit again. He says this caused him stress and inconvenience.

In its response to his complaint, AMEX said it acted fairly and had adhered to all regulations. Mr M remained unhappy and asked this service to get involved.

Our investigator agreed Mr M had been misinformed by AMEX about his direct debit and asked that AMEX pay him £50 compensation for the inconvenience it caused him. Although AMEX accepted this, Mr M felt £500 compensation would be a fairer reflection of the level of stress he experienced. Mr M asked for a final decision, so the complaint has been passed 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.

Having done so, my decision is to uphold this complaint and ask AMEX to pay Mr M £50 compensation. I know this isn't in line with what Mr M is pursuing as compensation, so I'll explain why.

Mr M is correct to point out that, under the regulator's guidance, AMEX is expected to refund unauthorised transactions in a timely manner. The regulator says refunds should be issued by the next business day. Mr M reported the unauthorised payments on 23 December, and I can see from the information AMEX sent that the refund was issued on 30 December. Although this appears to be unusually lengthy from Mr M's point of view, I note that many of the days during this period weren't business days. Given the time of year, there were more public holiday days in this particular week than what is typical. So I don't find it unreasonable that AMEX needed more time overall to issue a refund.

Moreover, even if AMEX had issued the refund the next business day, it wouldn't have

affected the December statement Mr M received at the time – as this was generated overnight on the 27th-28th December. So I'm satisfied there was no detriment caused by the extra time AMEX had taken to issue Mr M with a refund.

AMEX already accepts that it provided Mr M with inaccurate advice during one its calls with him – AMEX says it wrongly informed Mr M that his direct debit would be amended. Mr M was concerned about his upcoming direct debit payment as he'd received his December statement before the refund was issued – so the statement included the unauthorised payments. Mr M says, had he not acted, he would've faced having to cover the cost of the unauthorised payments and wait around two weeks for a refund – so he feels he should be compensated accordingly.

However, in reaching my decision on the level of compensation that's fair, I can only consider what actually happened and the impact of this – rather than the possibility of what could've happened. I also must keep in mind that a portion of the stress Mr M experienced was most likely caused by the unauthorised payments and because he'd been a victim of suspected fraud. So I can only consider any wrongdoing or unfairness on AMEX's part and the impact of this alone, rather than the overall stress Mr M experienced because of the wider circumstances.

I acknowledge Mr M's concerns at the time and that this likely caused him distress and inconvenience – given he had to contact AMEX and had to arrange to adjust his January 2023 payment, as well as rearrange up his direct debit. However, I can see from the calls Mr M made to AMEX in December, he was informed that he wasn't expected to cover the cost of the unauthorised payments while AMEX's investigation continued; although, as AMEX accepts, it did go on to provide inaccurate advice. Ultimately, Mr M was able to mitigate the potential financial impact on himself by taking steps to adjust his January payment.

It seems then the impact on Mr M was the inconvenience he experienced by having to manually adjust his January payment and set up his direct debit again with his bank. I understand Mr M was concerned about the prospect of paying thousands more than he was liable for, but he was able to avoid this. Therefore, I think the compensation already recommended fairly reflects the degree of inconvenience Mr M experienced.

So, for these reasons, I'm satisfied that the £50 compensation recommended by our investigator is fair.

Putting things right

AMEX unfairly caused Mr M inconvenience by providing him with inaccurate advice over the phone. To put things right, it should pay Mr M £50.

My final decision

For the reasons set out above, I'm upholding this complaint. American Express Services Europe Limited should settle this complaint by paying Mr M £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 December 2023.

Abdul Ali
Ombudsman