

The complaint

Mr S complains that American Express Services Europe Limited (Amex) closed his account.

What happened

Mr S opened his account with Amex on 19 January 2023. It was approved by Amex with a limit of £9,000. In his application, Mr S said he earned £27,000 per annum and was living with his parents.

On 2 February 2023, Amex carried out a review of Mr S' account and suspended it. Amex asked to see Mr S' bank statements, which he sent in on 2 February 2023.

On 3 February 2023, Amex sent a Notice of Default which said Mr S was in breach of the member agreement; and the account would be closed on or after 20 February 2023. The account was then closed and the annual fee refunded on a pro rata basis.

Mr S complained. He couldn't understand why the account was suspended and closed and hadn't been given any reasons by Amex. As a result, he suffered stress and anxiety, and was concerned about any effects on his credit file.

Amex said they reviewed accounts to check the amount of credit from time to time. In Mr S' case, they asked to see further information about his circumstances. After reviewing this, they decided to cancel Mr S' account. Amex said their terms and conditions enabled them to do that; to not give notice; and they didn't have to give a reason for closure.

Mr S brought his complaint to us. Our investigator said Amex should pay compensation of £100 in view of the stress and inconvenience suffered by Mr S. She noted Mr S had missed out on an account opening incentive.

Amex didn't agree – they said they'd acted within their terms and conditions and Mr S had had the benefit of the Avios points accrued – these had been transferred to his account at British Airways. Amex asked that an ombudsman look at Mr S' complaint.

I made a provisional decision which said:

I reviewed Amex's terms and conditions and they do give Amex the right to close an account if they wish, and they don't have to give a reason when doing so.

These say: *"This agreement is open ended and has no fixed duration. You and we can end it without giving any reason... we may end this agreement immediately if:...*

- *you repeatedly fail to pay minimum payments on time or go over your credit limit...*
- *you seriously or persistently breach this agreement...*
- *you give us false or misleading information;...*
- *we have reasonable grounds to believe you're unable or unwilling to pay your debts*

when due.

So – Amex acted within their terms and conditions. But we asked Amex more questions as to why Mr S' account was closed so quickly. And they told us that while Mr S passed their internal, initial credit checks, they wanted to gather more information about his circumstances, and therefore asked him for his bank statements.

I can see that Mr S sent these to Amex – and based on what they saw when they reviewed them, Amex made the decision to close his account. Our service can't intervene or overturn credit decisions made by firms, as we can't interfere with their commercial judgments. And so – that forms the basis of my provisional decision here.

Mr S has said he is concerned about the effect on his credit file, which I've considered. Firms such as Amex must report factual information to credit reference agencies – and so they will have reported the account was opened, and then closed. That will be recorded as a matter of record. But I haven't seen evidence that a default was registered (e.g. for non-payment of the debt). And I can see that Mr S paid the account off prior to its closure, so I think it is reasonable to assume that nothing adverse has been reported on Mr S' credit file.

I can see that Amex refunded Mr S' annual membership fee on a pro rata basis and transferred his accrued Avios points to his BA account – which was a reasonable thing to do and is in line with what we would expect to see.

But – as Amex acted in line with their terms and conditions, I don't agree that they made an error, and therefore I do not consider that a payment of compensation is appropriate in this case.

I accept that Mr S will be disappointed by this provisional decision, and I invite any comments and new information from either himself or Amex – by 2 October 2023.

Responses to the provisional decision:

Amex agreed, but Mr S didn't. He said:

- He hadn't breached Amex's terms and conditions – he had paid the balance within the time required; he hadn't given false or misleading information; and had shown Amex his income and expenditure – which he said showed he could make the payments.
- He has never been in such a position before with other providers.

I now need to consider what Mr S has said.(continued)

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've considered Mr S' complaint again in the light of the points he has made.

In the short time Mr S had the Amex card, I couldn't see he had breached the terms and conditions he quotes.

But my decision doesn't hinge on that – what is important is that Amex can make a decision to close an account if they wish to do so, and they don't have to tell a customer why that is – I quoted that term in the provisional decision. I quoted: “...*we can end it (the agreement) without giving any reason...*”

And here, Amex made a commercial decision to do that, and we can't interfere with a firm's commercial judgement.

Therefore while I accept that Mr S will be disappointed, my final decision is in line with the provisional decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 November 2023.

Martin Lord
Ombudsman