

## **The complaint**

Ms A complains that American Express Services Europe Limited (AESEL) irresponsibly provided her with a credit limit increase (CLI) to her credit card account in 2022.

## **What happened**

Ms A applied online for, and obtained, an AESEL credit account in 2016. The credit limit was increased on three occasions – to £9,800 later in 2016, to £11,500 in July 2019 and finally to £23,000 in June 2022.

In 2023, Ms A complained to AESEL about the last CLI. She said that it had lent to her irresponsibly, despite her not being in unemployment and being vulnerable. She said this caused her considerable financial difficulty and stress.

AESEL didn't uphold the complaint. It said it wasn't aware Ms A was vulnerable until she'd complained. AESEL said it had carried out appropriate checks which showed Ms A could afford the credit it had provided her with.

Unhappy with AESEL's response, Ms A complained to this service. Our investigator looked into the complaint but couldn't recommend that it should be upheld. They believed, in essence, that AESEL had carried out proportionate checks in 2022 and made a fair lending decision at that time. The investigator felt AESEL had treated Ms A fairly overall.

Ms A didn't agree with the investigator's findings. As such, the complaint was passed to me to review afresh.

## **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.

In setting out my decision, I've focussed on addressing the key issues that I consider go to the heart of Ms A's complaint. That means some matters haven't expressly been discussed, although I can assure Ms A I've carefully considered everything she's told us. Having done so, I don't uphold this complaint. I'll explain why.

AESEL was required to complete proportionate affordability checks prior to advancing credit to Ms A. What's considered proportionate will vary in each case as it is unique to each lending decision. In deciding how thorough a check should be, AESEL needed to consider things such as (but not limited to) the amount of credit being advanced, the type of credit, the size and frequency of the repayments, the cost of the borrowing and Ms A's personal circumstances.

I can see that AESEL did obtain some information about Ms A's financial circumstances in 2022, following her phone request for the credit limit to be increased. I've listened carefully to a recording of that call, in which she said she wanted the increase to help her pay for home improvements that she'd been saving up for. Based on Ms A's details – including that she'd

generally been making monthly repayments in full up to that point – and stated annual income of around £42,000, AESEL said it could provide a CLI to £23,000. Ms A agreed to the increase.

It could be argued that AESEL should have carried out further checks given the CLI – amounting to double the previous limit – was such a significant one.

That said, before upholding the complaint I'd also need to be satisfied that Ms A lost out because of the lack of any adequate checks by AESEL. And I'm not satisfied that she did lose out. I say that because I'm not persuaded that the further checks I've mentioned would have revealed anything of concern to AESEL. While I think AESEL could have looked further into Ms A's income, the bank statements Ms A's provided from 2022 indicate to me that her monthly income was broadly in line with her stated income, if not slightly more. I have no reason to think this would have been insufficient income to repay the additional credit advanced by AESEL, and cover her mortgage costs and essential household spending – despite what she's told us about not being employed. It seems she had no other unsecured debt elsewhere either.

I thank Ms A for sending us her credit report from October 2023. But I don't consider it contains anything to suggest she was struggling financially at the time of AESEL's lending decision or that she couldn't afford the credit.

So, taking everything into account, I don't think AESEL acted unfairly in providing the CLI to Ms A even if it didn't carry out sufficient checks at that time.

I've also thought carefully about what Ms A's told us regarding being vulnerable. But I can't see that she made AESEL aware of this prior to the lending in 2022 or that it ought to have been aware of this sooner through its own checks. So, I can't fairly say that AESEL should have treated her differently up until that point.

I'm sorry that Ms A's felt harassed regarding the money she owes. But I'm satisfied that AESEL acted appropriately in notifying her of the debt and of the subsequent default. I'm not persuaded that AESEL treated her unfairly or that it's responsible for the actions of any third-party collection firms.

### **My final decision**

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 10 May 2024.

Nimish Patel  
**Ombudsman**