

## The complaint

Mr H is unhappy with American Express Services Europe Limited (AESEL) regarding the lack of transparency around the exchange rate he was charged as well as the transaction fee on a purchase he made while abroad.

## What happened

AESEL said it had acted in line with the terms and conditions. Mr H said it hadn't and questioned why a number of days had passed before the transaction had concluded on his card. In that time the exchange rate had moved against him and so it cost him more money. Mr H said he had also spent more than 10 hours trying to resolve these issues with AESEL. As agreement couldn't be reached Mr H brought his complaint to this service.

Our investigator didn't uphold the complaint. He said both the details around exchange rates and the 2.99% transaction fee are noted within AESEL terms and conditions. He said depending on the dates involved the amounts could go up or down and this isn't AESEL's fault. Our investigator noted the terms and conditions explain how the transactions are concluded regarding purchases abroad. And he noted that the terms state a single transaction fee is applied. Our investigator felt AESEL had acted reasonably. Our investigator noted Mr H had referred to a tool available through AESEL, but he confirmed the tool can't calculate a payment before it has been completed.

Mr H didn't accept this and asked for his complaint to be passed to an ombudsman for a final 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.

Within the AESEL card documentation under the heading "*Converting transactions made in a foreign currency*" the terms and conditions say:

*"If we receive a transaction or refund for processing in a foreign currency, our currency conversion affiliate [A] will convert it into Pounds Sterling on the date it's processed (which may be different to the date of the transaction or refund). This means that the exchange rate used may differ from the rate that applied on the date of your transaction or refund. Exchange rate fluctuations can be significant.*

*If the transaction or refund is in U.S. Dollars, [A] will convert it directly into Pounds Sterling. In all other cases, [A] will convert it into U.S. Dollars first and then into Pounds Sterling but we'll only charge one non-sterling transaction fee. We don't charge a non-sterling transaction fee for converting refunds. Refunds of transactions (including the non-sterling transaction fee applied at the time it was made) will be converted at the prevailing rate: this means that the refund applied to your account could be less or more than the original transaction amount shown on your statement.*

*The exchange rate (we call this the American Express Exchange Rate) will be:*

- the rate required by law or customarily used in the territory where the transaction or refund is made, or where this doesn't apply.*
- based on interbank rates selected from customary industry sources on the business day prior to the processing date.*

*The American Express Exchange Rate is set each day from Monday to Friday (including bank holidays) except for Christmas Day and New Year's Day. You can find our rates via the 'My account' section of the online account centre or by calling us. The total cost of converting your currency (we call this the Currency Conversion Charge) consists of the American Express Exchange Rate and the non-sterling transaction fee. Regulation requires us to provide you with information to enable you to compare the Currency Conversion Charge with reference rates issued by the European Central Bank. This information can be found on our website.*

*When you make a transaction in a foreign currency, you may be given the option of allowing a third party (for example, the retailer) to convert your transaction into Pounds Sterling before submitting it to us. If you decide to do this, the exchange rate and any commission or charge will be set by the third party. As we'll receive a transaction converted by a third party in Pounds Sterling, we won't apply a non-sterling transaction fee."*

I think this term is quite lengthy. But I also think it needs to be to ensure there's clarity for customers. I've read through and I think it explains all the points Mr H has raised.

I can understand Mr H is upset that the currency exchange rate moved (and not in his favour) between the date of purchase and the date AESEL processed his transaction. But this term highlights that the date of processing maybe different to the date of purchase. I think AESEL makes this point clearly, right at the start of this term. It also points out it will charge a transaction fee.

On page two of the terms and conditions in relation to fees and charges it says:

*"Non-sterling transaction – on the amount after we've converted a transaction into Pounds Sterling 2.99%."*

I think this is clear. The transaction fee is referred to in the terms, highlighted at the start of the terms and states when this will be taken and what the percentage rate is. I think that's reasonable.

In its final response AESEL gave a full breakdown of the amounts involved in the transactions, the exchange rates that applied, and the breakdown of the transaction fee. I think its clear that AESEL didn't make any errors and followed the usual process as it's laid within the terms and conditions.

Mr H has said that since he complained AESEL has changed the terms and conditions. But this service would always expect all organisations to continually review and update what it offers to its customers. It doesn't change the point that I think the terms and conditions above are clear.

Mr H has said that he wasn't able to use the tool provided by AESEL. But within the terms noted above I still think AESEL are clear about what it offers and where customers can find details. AESEL's term above also offers the opportunity to call it if a customer needs to

discuss something around the exchange rate. In this case it appears Mr H chose to go ahead with the purchase anyway.

Overall, I think AESEL acted reasonably in this case.

Mr H made a point about the time he spent dealing with his issues. But as I don't think AESEL has done anything wrong it follows that I don't think it needs to offer any award to Mr H.

### **My final decision**

I don't uphold this complaint.

I make no award against American Express Services Europe Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 March 2024.

John Quinlan  
**Ombudsman**