

The complaint

Mr E complains American Express Services Europe Limited (AmEx):

- Allowed a significant amount of gambling transactions on his Platinum card and won't write the remaining debt off
- Won't write off the debt on what I'll refer to as his Other card in recognition of their errors on the Platinum card
- Have closed down both the Platinum and Other credit card accounts, and has a debt collector managing them now

What happened

Using his Platinum card, Mr E made payments to a casino as follows:

- 9 February 2023 – ten payments of £5,275 each – totalling £52,750
- 10 February 2023 – two payments of £5,275 each – totalling £10,550
- 12 February 2023 – two payments of £5,275 each – totalling £10,550
- Total £73,850

Mr E asks how AmEx allowed him to make all of these payments. In compensation, Mr E asked for his Platinum account and his Other account to be written off.

Mr E has made it clear this had a very significant impact on his life. I'm genuinely sorry to hear that. I want Mr E to know I've taken into account everything he's told our service, but I've not listed it all out here for his privacy, as our decisions are published on our website. Across a number of responses, AmEx said:

- Platinum card – they'd made an error in allowing the gambling transactions. They said there was failings in their internal systems which would usually have prevented such large transactions. They said they've put steps in place to prevent this again, and they'd removed the £73,850 worth of gambling transactions. They said this meant there was £771.08 now outstanding – and Mr E hadn't been charged any interest for the gambling transactions.
- Other card – the balance was £15,241.62, which was payable by Mr E as there were no gambling transactions on this. But, despite the interest being correctly applied in line with the terms and conditions, to recognise the distress caused in Mr E's complaint, they said they'd refund £861.31 worth of interest – leaving £14,380.31 owed. AmEx actually refunded £878.48 worth of interest in the end.
- Account closure – they said these were closed due to a previous non-payment of the Platinum card, so Mr E would need to contact the debt collector to discuss a repayment plan.

AmEx also updated Mr E's credit file to reflect that they were upholding his complaint. Mr E was unhappy with AmEx's proposed resolutions, so he asked us to look into things.

One of our Investigators did so. She found AmEx had acted fairly in refunding the gambling transactions on the Platinum card, and compensating Mr E with £878.48 worth of legitimately charged interest on the Other card. She also thought AmEx had acted fairly in closing Mr E's accounts but didn't think they should have asked a debt collector to take over the management of the outstanding debts so said AmEx should buy the debts back.

AmEx didn't reply to our Investigators outcome, but Mr E did – saying AmEx had continued charging him interest while the complaint was with us which he didn't think was fair. Our Investigator said AmEx was entitled to do that – and as Mr E didn't agree, the complaint's 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr E's complaint in considerably less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Platinum card

In respect of allowing £73,850 worth of gambling transactions go through in such a short period of time, AmEx accepted they'd made an error and refunded those transactions.

I can see from the timeline, these transactions were made in February, and it wasn't until four months later AmEx confirmed they'd refund them. I appreciate this was a long time, and it's not completely clear exactly when Mr E contacted AmEx – but at the same time I can't ignore it's a very significant amount of money Mr E was asking AmEx to refund. So, in the circumstances, I don't think AmEx have taken an unacceptably long time.

I can see Mr E wants the balance written off on this account – but from everything I've seen the outstanding balance remains due. So, because AmEx have refunded the gambling transactions they shouldn't have allowed to go through, I don't think they're required to do anything more on this account. And I do understand Mr E's frustration about AmEx continuing to charge him interest on the outstanding balance – but as he's borrowed the money, and the terms and conditions of this account allow AmEx to charge interest – I don't find they've done anything wrong on that point either.

Other card

On this card, in recognition of their failures, AmEx ended up refunding £878.48 worth of interest. And, they removed late payment markers from April, May and June 2023.

Again, I've seen Mr E saying he's unhappy with this, that AmEx should have written off the whole balance, and they shouldn't be continuing to charge interest.

In terms of the write off I don't think that would be reasonable. At the time of AmEx's response Mr E had £14,380.31 outstanding on this account. It's not in dispute AmEx made a mistake with the gambling transactions on the Platinum card, but their refund of nearly £900

worth of interest is, most likely, more than I'd have awarded in compensation had AmEx not already paid this. So, in those circumstances, I think the outcome they've reached is fair. They've also ensured there is no unfair impact on Mr E's credit file by removing any negative markers before they gave their outcome. I think this is fair.

I also don't think they've done anything wrong by continuing to charge interest on this account. AmEx said the balance of the account was made up of Mr E's normal spending – no gambling transactions. He's not disputed this, so I take it as though he accepts that to be correct. So, again, given Mr E has borrowed money, and the terms and conditions of the account allow AmEx to charge Mr E interest for this, I don't think they've done anything wrong.

Account closures

A Notice of Default (NoD) was issued for the Platinum account on 24 February 2023. For the Other account, a NoD was issued on 2 March 2023.

Both of these give, as the reason for ending the agreement:

We have reasonable grounds to believe that you are unable or unwilling to pay your debts when due. This is a breach of the Agreement, as explained in the 'Ending your agreement' section of your Agreement. There is nothing you can do to remedy this breach

At the time, Mr E's total balance owing was around £90,000 – including the gambling transactions which were later refunded.

I mention this because this is the only reason I can see as to why AmEx thought Mr E might not be able to repay his debts. In all the statements I've got leading up to these NoD's being issued, he's not missed any payments, got any late fees and so on. There is simply no evidence Mr E may not be able to repay his debts.

So, as I think AmEx decided the reason Mr E wasn't going to be able to afford to repay his debts due to the significant gambling transactions – which they later refunded – I think they've made the wrong decision to pass on the accounts.

In the circumstances, I require AmEx to buy the accounts back from the debt purchaser and discuss an affordable repayment plan with Mr E for the remaining balances. AmEx will also need to remove any negative information applied to Mr E's credit file as a result of that error.

Summary

I don't think it'd be fair or reasonable to expect AmEx to write off the remaining balances. I think they've acted fairly by continuing to apply charges. But I don't think they've acted fairly in selling Mr E's accounts to a debt purchaser and need to buy them back. AmEx will then need to discuss an affordable repayment plan with Mr E as well as removing any negative information from Mr E's credit file. If he isn't satisfied AmEx are doing enough to help him with his financial difficulties, then Mr E can raise a new complaint.

My final decision

I partially uphold this complaint and require American Express Services Europe Limited to:

- Buy both accounts back from the debt purchaser
- Remove any negative information from Mr E's credit file
- Discuss an affordable repayment plan with Mr E

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 18 April 2024.

Jon Pearce
Ombudsman