

## **The complaint**

Mr F is unhappy about the decision made by American Express Services Europe Limited (AESEL) to close his accounts and that he wasn't given notice or an explanation for the decision.

To resolve the complaint, he'd like his accounts reinstated, compensation and a refund of the credit balance on his account.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. I'll only provide a brief overview of some of the key events here.

Mr F had a total of four accounts with AESEL – two personal accounts and two business accounts.

This decision will focus on Mr F's complaint about his personal accounts. His complaint regarding his business accounts will be dealt with separately.

In April 2023, AESEL told Mr F it would conduct a review of Mr F's accounts and suspended them while the review took place. AESEL asked Mr F to provide information about his finances. In response, Mr F sent AESEL bank account statements which showed his salary payments. Mr F also sent AESEL his payslips and a copy of his credit report.

AESEL reviewed the information Mr F provided. Following its review AESEL wrote to Mr F to let him know that following its review it had decided to close Mr F's accounts immediately. The letter also said that Mr F's accounts were in default, despite having zero balances. Mr F has explained that he was very upset and worried when he received the letter – especially as he had cleared the balances of his accounts. He said he was frightened as the letter mentioned debt collection and said that he'd be referred to credit reference agencies. Mr F called AESEL to try and find out what was happening with his account, but Mr F says AESEL wouldn't give him much information about why his accounts had been closed.

Mr F was unhappy with AESEL's decision. He said he'd always made repayments in line with the terms of the agreement. He said it wasn't fair for AESEL to close the accounts when he hadn't done anything wrong. And that he had an excellent credit score. He said AESEL also sent him default letters even though he didn't owe anything, and letters which said he'd cancelled his direct debits, when he hadn't, all of which he found very upsetting and worrying.

AESEL didn't agree it had acted unfairly. It said it was within its rights under the terms of the agreement to review the accounts and close the accounts without notice. AESEL said that the letters it sent Mr F were standard automated generated letters. And had been generated prior to Mr F clearing his account balances. It apologised for any trouble and upset the letters had caused Mr F and acknowledged that there wasn't an outstanding balance on Mr F's personal accounts.

Mr F referred the complaint to this service. One of our Investigators considered the complaint. The investigator asked Mr F and AESEL for more information and reviewed the information Mr F had provided to AESEL.

AESEL said that it had conducted a review of Mr F's accounts so that it could comply with its legal and regulatory obligations. And to complete a creditworthiness assessment in line with the Financial Conduct Authority's responsible lending guidelines. AESEL said that as part of its review it asked Mr F for information, but the information Mr F provided didn't satisfy its credit team that he would be able to repay his debt. So, it decided to close M F's accounts immediately in line with the terms and conditions.

After reviewing everything, the investigator said that AESEL hadn't treated Mr F fairly when it had closed his accounts immediately. She also said that the letters AESEL had sent Mr F had been automatically generated, as part of its account closure process. So, she didn't think AESEL had done anything wrong when it sent these to Mr F. To put things right she said AESEL should pay Mr F £150 compensation for the trouble and upset he'd been caused.

Mr F disagreed. He said the amount of compensation doesn't adequately reflect the trouble and upset the matter has caused him. He also wants AESEL to reinstate his accounts. AESEL also disagreed. It said the information Mr F provided didn't pass its internal checks and it had closed Mr F's accounts in line with the terms and conditions.

In response, the investigator provided AESEL with more documents relating to the information Mr F had provided. AESEL reviewed this but maintained it hadn't done anything wrong when it had reviewed and closed Mr F's accounts.

As no agreement could be reached the matter has come 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've decided to uphold this complaint. I'll explain why:

- AESEL has extensive legal and regulatory responsibilities they must meet when providing account services to its customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.
- As has been explained by AESEL and the investigator, the reason why AESEL asked Mr F to provide information about his finances is because AESEL are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. AESEL is entitled and obliged to conduct such checks in order to comply with its legal and regulatory obligations. And to ensure that it is lending responsibly to customers. This applies to both new and existing customers regardless of how many years a customer may have held an account with AESEL.
- The information AESEL asked Mr F to provide is fairly standard information that banks, and other financial businesses are required to have in order to adhere to KYC responsibilities. It's not in my remit to determine what questions AESEL should ask its customers to ensure it adheres to these responsibilities. There's no fixed set of

questions or period between each customer update request, and they are usually done to reflect the changes in the economy, technology or tactics employed by criminals to commit financial crime.

- AESEL is required to have up to date information about its account holders including details on their identity, address, and source of wealth, in order to comply with its legal and regulatory obligations. And it can suspend an account whilst it conducts a review. The account terms and conditions make provision for this. So, I can't reasonably say that AESEL was acting unfairly or unreasonably in asking Mr F for the information that it did and when it suspended the accounts.
- Under the terms of the credit agreement, AESEL can end the agreement at any time with two months' written notice – and it isn't required to give a reason. It can also end the agreement immediately – which is what happened here.
- The terms and conditions set out that AESEL can close an account immediately for a number of reasons including if: "you give us false or misleading information; and we have reasonable grounds to believe you're unable or unwilling to pay your debts when due"
- So, I need to decide whether it did so fairly in this case. AESEL says it decided to close Mr F's accounts because it had concerns based on the information Mr F had provided that he wouldn't be able to repay what he owed.
- The investigator asked AESEL to provide further details about the criteria it takes into account when deciding which accounts to review and close. AESEL has provided some information about why it decided to close Mr F's accounts – but I haven't seen anything to suggest that Mr F was acting outside the terms of the agreement.
- When AESEL started its review, the balance on Mr F's accounts was less than £400 in total – significantly below the credit limits. Mr F had also cleared the amounts due on the accounts' each month until the time he was notified of AESEL's decision to close them.
- As Mr F was not in breach of the agreement – I'd expect AESEL to be able to clearly demonstrate why his use of the account prompted AESEL to close the accounts. I'm not satisfied it's done so here.
- AESEL has explained the main reason for its decision. I'm not able to share this with Mr F as it's commercially sensitive – but I have considered it. As part of its review, AESEL asked Mr F for bank account statements – which AESEL relied on in reaching its decision. Mr F has provided these statements – the investigator has also sent AESEL further information. Based on these statements, I can't see that Mr F's financial situation had significantly changed between the months leading up to AESEL reviewing the accounts and its decision to withdraw them. AESEL has also accepted that there aren't any discrepancies with the documents submitted. If AESEL had any concerns with the information Mr F submitted, I think it would have been reasonable for AESEL to either discuss this with Mr F or complete further enquiries – before deciding to close the accounts, which is what our Investigator did. But AESEL didn't do so.
- Taking this into account, I'm not satisfied AESEL acted fairly when it decided to close Mr F's accounts immediately – or that its decision was made in line with its usual

processes. The decision to close the accounts was based on Mr F's financial circumstances – but AESEL hasn't been able to demonstrate that this circumstance applied here – or that there was any other reason for it to change its mind about its decision to offer a credit facility to Mr F. So, I can't reasonably conclude that AESEL has treated Mr F fairly by doing so – or that it acted in line with its own processes. It follows that I don't think it was reasonable for AESEL to close the accounts immediately – as Mr F had maintained payments in line with the agreement up until when the accounts were closed.

- I must stress that I'm not suggesting AESEL isn't within its rights to decide who it wants to lend to. So, I won't be asking AESEL to reopen Mr F's accounts as much as he wants this to happen. That's because AESEL is entitled to close an account with Mr F just as he is entitled to close his account with them. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. But I'm not satisfied AESEL has demonstrated that it treated Mr F fairly by closing his accounts without notice.
- I'd like to reassure Mr F that I carefully considered all of the relevant circumstances and the information he provided when considering his complaint. I don't doubt that his experience with AESEL has caused him a lot of stress and upset. My role here isn't too fine or punish AESEL where it makes an error – but to determine how it should put things right, taking into account what is fair and reasonable. With that in mind, I'm satisfied £150 represents a fair level of compensation, for AESEL closing his accounts without notice. In reaching this conclusion I've kept in mind that these accounts were not Mr F's main bank accounts. And he had access to other accounts.
- When AESEL decided to close Mr F's accounts it wrote to him to let him know. However, the letter it sent to Mr F was a default notice and said that his account may be referred to a debt collection agency. AESEL also sent Mr F a letter which said he'd cancelled his direct debits. Mr F has said he was upset and confused to receive the letters, especially as at the time he didn't owe anything on his accounts. Mr F's accounts weren't in default. And he hadn't cancelled his direct debits.
- I can understand the letters must have come as quite a shock to Mr F and were distressing for him. I note that AESEL has explained that the letters were automatically generated by its systems as part of its closure processes. So, I don't think AESEL made a mistake when it sent Mr F the letters. I've also kept in mind that when Mr F received the letters he knew he didn't owe AESEL any money, which I think would have reduced the impact of receiving the letters. So, I won't be awarding Mr F any further compensation for this element of his complaint.

To summarise, I don't think AESEL has shown that it treated Mr F fairly when it decided to close Mr F's accounts immediately. Discovering that his accounts were going to be closed without notice caused unnecessary frustration and disappointment to Mr F. So, to put things right I think AESEL should pay Mr F compensation. The investigator has recommended AESEL pay Mr F £150. Mr F has asked for more compensation. But I need to consider the impact AESEL's error had on Mr F – and having done I think £150 is a fair reflection of the distress and inconvenience AESEL has caused. So, whilst I appreciate Mr F will be disappointed by my decision, I won't be directing AESEL to do anything more to resolve Mr F's complaint.

### **My final decision**

For the reasons I've explained my final decision is that I uphold this complaint. To put things right I require American Express Services Europe Limited (AESEL) to:

- Pay Mr F, £150 compensation for the inconvenience and upset this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 6 February 2025.

Sharon Kerrison  
**Ombudsman**