

The complaint

Mr K complains that American Express Services Europe Limited (AESEL) didn't provide him with reasonable support when he experienced financial difficulties. He wants compensation for the stress he has been caused by AESEL not helping him.

What happened

Mr K lost his job in August 2023 and contacted his lenders to request a temporary hold on his account or an affordable payment plan. He says that while his other lenders were supportive, AESEL only offered one solution and that was to close his account and pass it to a debt collection agency. It also charged him late fees. He says he explained the situation was temporary, and he felt this action was too extreme but says that no other options were provided.

AESEL didn't uphold Mr K's complaint. It said it had followed the correct process in response to Mr K's situation.

Mr K wasn't satisfied with AESEL's response and referred his complaint to this service.

Our investigator upheld this complaint. He noted that Mr K was eventually put on a payment plan he was happy with but thought more could have been done to help him when he contacted AESEL in October 2023. He thought Mr K's request for a three-month support plan should have been explored at that time and thought the option offered to Mr K seemed drastic given what Mr K had explained about his circumstances. Because of this he recommended that Mr K be paid £75 compensation.

AESEL accepted our investigator's recommendation. Mr K didn't accept that compensation of £75 was enough given the stress he was caused by the lack of support AESEL provided.

Mr K said that he didn't request help in November 2023 when contact was made because of the extreme option AESEL had given in October of closing his account which he didn't want to happen. He said that AESEL then only helped him in December 2023 because he explained he had a job offer and would be starting work in February 2024. He felt the compensation recommended didn't take into account the full impact, including the human element, that the lack of support offered had on him.

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.

As part of the evidence for this case, AESEL has provided copies of the calls that took place and I have listened to these as well as considering the other information that has been supplied by the parties.

In October 2023, Mr K contacted AESEL and explained that he had lost his job and was looking for work. He said he was receiving benefits and was using these and his savings to

help pay his bills. He confirmed that his priority bills were up to date at that time. He said that he was looking for support over the next six months during which time he would hope to get a new job. Given the information Mr K provided, I find it reasonable that AESEL undertook an income and expenditure assessment to ensure any support it offered would be affordable for Mr K. The result of the income and expenditure assessment showed Mr K to have negative disposable income.

AESEL offered Mr K a plan which would stop interest and charges being applied to his account, but the account would be closed and passed to a third party to be managed. He was told it was then possible that the account could be defaulted. I can understand why Mr K was concerned by this option and why, as he believed his situation to be temporary, that he felt this was an extreme approach. Mr K noted he had savings and while he had initially requested support over six months, he then asked what option could be available over three months. The adviser said they would ask about this but then said that as Mr K initially asked for six months of support and then changed this to three months, it was only able to offer the plan it had previously explained.

I understand that the options available to Mr K were likely to be limited as he had no disposable income, but I also note that he was up to date with his priority bills. Also taking into account his comment about seeking work and that he had savings I think it would have been reasonable to look into any possible options for three months of support. While this may not have resulted in a different outcome, I think it would have been fair to have considered this further and explained any possibilities to Mr K.

Mr K didn't agree to the plan offered in October 2023. In December 2023, further discussions were held, and a further income and expenditure assessment carried out. Mr K still had negative disposable income, but he explained that his circumstances had changed as he had a job offer and was due to start work in February 2024. So, while he still had a negative disposable income at that time, I find it reasonable his change in circumstances was taken into account. Mr K was provided with a three-month payment holiday which I find reasonable.

So, while Mr K was eventually given a payment arrangement that he was happy with, I think it would have been reasonable for other short-term options to have been considered in October 2023 when he asked about these. Therefore, I do not find he was provided with the service he should have been at that time.

I understand that Mr K doesn't think that the £75 compensation recommended by our investigator is sufficient given the upset caused, but in this case, I think this amount reasonable. I say this because even if short term options were considered in October 2023, I cannot say for certain that AESEL would have identified a preferable alternative plan to that which had already been offered as Mr K had negative disposable income and while he was seeking work, he didn't have a job offer in place. Mr K was then provided with a three month payment break when he contacted AESEL in December 2023 and his circumstances had changed which I find reasonable. So, while I do not underestimate the stress Mr K would have been under when he asked for support from AESEL, I think that in this case, £75 compensation is reasonable.

Putting things right

American Express Services Europe Limited (AESEL) should pay Mr K £75 compensation for the upset and stress he was caused by the service he received when he called asking for support in October 2023.

My final decision

My final decision is that American Express Services Europe Limited (AESEL) should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 June 2024.

Jane Archer
Ombudsman