

## **The complaint**

Ms H is complaining about American Express Services Europe Limited (AESEL) because she believes it should have offered a higher limit on her credit card and then misinformed her about how she could use it to fund a purchase that cost more than the limit she was given.

## **What happened**

In October 2013, Miss H applied for a credit card with American Express. Her application was approved and she was offered a limit of £2,000.

Miss H says she needed the card for a purchase that cost considerably more than £2,000. So when she received the card, she contacted American Express to discuss this. Following the call, she tried to break the purchase up and paid £2,000 to the merchant believing she'd then be able to pay this amount back to her card and then spend up to the limit again with the merchant to complete her purchase.

HSBC has provided a list of the relevant transactions and this shows an initial payment of £2,000 to the merchant was completed on 23 October and Ms H repaid this amount to American Express the following day. She then tried to make a further payment of £2,000 on the card on 25 October but this was declined. American Express then agreed to refund the £2,000 payment it had received from Ms H but this wasn't completed until 1 November, by which time she says she'd missed out on the purchase. I understand American Express has already paid £50 compensation to Ms H in recognition of the delays in completing the refund.

Our investigator recommended the complaint be upheld. While he said it was up to American Express to decide on the card limit, he listened to Ms H's calls with American Express and concluded she was misled about how she could use the card and recommended she receive compensation of £150 for the distress and inconvenience caused.

American Express didn't accept the investigator's assessment, arguing that Ms H wasn't given incorrect information and that no further compensation is due.

The complaint has now been referred to me for review.

## **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.

Having done so, I've reached the same overall conclusions as the investigator. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

I think it's also relevant to explain that the Financial Ombudsman Service is not the industry regulator and we don't write the rules for financial businesses or have powers to fine or

punish businesses where these aren't followed. This is the role of the Financial Conduct Authority (FCA). Our role is instead to consider individual disputes and reach what we believe is a fair and reasonable conclusion in the specific circumstances of each case.

I understand Ms H already had a particular purchase in mind when she applied for her card and was hoping to receive reward points as a result. While her actions may be understandable, it wouldn't have been wise to commit to a purchase that was dependent on the card until she knew her application had been accepted and what the limit would be. These were ultimately decisions for American Express to make and I've seen nothing to suggest it gave the impression it would offer a higher limit than it did.

Ms H called American Express as soon as she received the card to express her dissatisfaction about the limit. The conversation with its operator then moved on to ways in which she might still be able to use her card to fund her intended purchase. She asked if she could break the purchase up and pay £2,000 to the merchant, then pay off the balance immediately so she could use the card again to spend a further £2,000. In response, the operator told her she could do this but would only be able to spend up to twice her limit in one month and American Express maintains this information was correct.

According to the list of transactions American Express has provided, this is what Ms H tried to do but her attempt to spend £2,000 for a second time was declined. I think she was entitled to expect the second transaction would be successful given what she'd been told on the telephone and this is the reason for upholding the complaint.

I appreciate the circumstances described would have caused Ms H some distress and inconvenience. The amount to award for a consumer's distress and inconvenience can be difficult to assess as the same situation can impact different people in different ways. But in the circumstances of this case, I believe further compensation of £150 (in addition to the £50 she's already received) is fair and reasonable.

### **My final decision**

For the reasons I've explained, I'm partly upholding this complaint. Subject to her acceptance, American Express Services Europe Limited (AESEL) should now pay Ms H further compensation of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 23 April 2024.

James Biles  
**Ombudsman**