

The complaint

Mr T complains that American Express Services Europe Limited (AESEL) (Amex) unfairly closed his credit card account without providing a proper explanation. He wants AESEL to reopen his account and give him the reasons it closed his account.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr T had an Amex credit card, that he'd opened in 2008. Mr T has explained that he is self-employed and relied heavily on his credit card to be able to travel safely and pay for the costs of car hire and hotel accommodation.

In October 2022, Mr T received an email from AESEL, saying it was closing his account. And giving him two months' notice. The email told Mr T that his card would be blocked during the notice period. AESEL closed Mr T's account in January 2023.

Mr T was shocked and upset by AESEL's decision. He said the closure of his account put him in extreme financial difficulty as he used the card daily to pay for goods both for his job and home life. He's explained that at the time he was also due to travel overseas and had used the card to book car hire and hotels, so he was extremely worried about how his trip would be impacted as he relied heavily on his card to travel. He said he did have another credit card, but this had a much lower credit limit so wasn't able to replace what his Amex card did.

Mr T contacted AESEL to try and find out why it wanted to close his account. He pointed out that he hadn't been given a proper notice period because AESEL had blocked his card. But AESEL gave him no reasons about why it no longer wanted him as a customer. It said it had closed Mr T's account in line with the terms and conditions and wasn't obliged to provide him with an explanation. It also said it didn't have to consult with him prior to making this decision.

Unhappy with this response Mr T brought his complaint to our service. He said AESEL had closed his account unfairly and explained that he suspected AESEL's decision had something to do with how he'd managed the payments to his account. He also said that AESEL had unfairly charged him an account fee. So, he wants AESEL to reopen his account. And provide him with a proper explanation about why it blocked and closed his account.

One of our investigators looked into what had happened. She said AESEL were entitled to close the account but didn't think it had treated Mr T fairly by blocking his account, which essentially meant it had closed Mr T's account immediately. So, she said AESEL should pay Mr T £100 compensation for the trouble and upset this had caused him.

AESEL agreed with the investigator's view. Mr T didn't. In summary he said:

- Being self-employed he doesn't have a massive cash reserve to use in lieu of his Amex credit card
- The impact of the immediate loss of his Amex card without any notice caused him considerable mental health issues and loss of work travel that he had planned as he didn't have sufficient means of travelling and covering costs at such short notice
- He relied on the credit card to travel globally safely and was comforted by the added protection using the card afforded him
- He had no time to apply for another credit card prior to going on booked work trips
- AESEL sent him a letter on 22 November 2022, almost a month after suspending his account warning him about using a third party to pay his credit card. But he wasn't provided with any more details about this.
- He has not been given an opportunity to put right whatever it was AESEL felt he had done wrong
- He had to cancel a work trip as he had no means of covering his costs
- He went on holiday in November 2022, and because he hadn't had time to apply for another credit card, he had to use other travellers' cards and then reimburse them, which was embarrassing
- He no longer has access to British Airways vouchers, which he valued and enjoyed
- When he sees an Amex billboard at an airport, he now feels physically sick and suffers from anxiety because of AESEL closing his account
- The amount of compensation isn't enough to reflect the amount of trouble and upset he has been caused and is an insult
- He wants to know why AESEL blocked and closed his account

As no agreement could be reached the matter came to me to decide. After reviewing all the evidence and circumstances of the complaint I reached a different conclusion to the investigator and issued a provisional decision in which I said the following:

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information AESEL has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr T, but I'd like to reassure him that I have considered everything.

I appreciate Mr T was disappointed by the investigator's opinion and I can see that he has provided a detailed response to what she said about his complaint. I'd like to reassure Mr T that I've considered the whole file and what he's said. But I'll concentrate my comments on what I think is relevant. So, I won't be addressing every point in detail which Mr T has raised in his submissions. My findings will focus on what I consider to be the central issues. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair outcome.

AESEL like banks and other financial businesses are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I can understand it would have been upsetting and no doubt came as quite a shock for Mr T to learn his credit card account was to be closed and no explanation given by AESEL why that was. While not trying to minimise the upset and frustration this no doubt caused Mr T, under the terms and conditions of Mr T's account, AESEL can close an account without providing a full explanation why. And it is under no obligation to consult with a customer before doing so.

That's because AESEL is entitled to close an account with Mr T just as he is entitled to close his account with AESEL. 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. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. I've looked at the terms and conditions and they state that AESEL could close Mr T's account by giving him at least two months' notice. I've seen the notice to close email that AESEL sent Mr T in October 2022, giving him the full notice period, however, AESEL blocked Mr T's account from this date, which effectively meant his account was closed immediately.

For AESEL to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that AESEL did. So, it was entitled to close the account as it's already done. So, it wouldn't be appropriate for me to award Mr T compensation since I don't find AESEL acted inappropriately.

I've next gone on to consider whether AESEL's reason for closing the account was fair. In doing so, I appreciate that AESEL are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite AESEL should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

AESEL has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr T due to its commercial sensitivity. But I've seen nothing to suggest AESEL's decision around closing Mr T's account was unfair. On balance when considering AESEL's wider regulatory responsibilities and all the information available to me, I find AESEL had a legitimate basis for closing Mr T's account and not tell him why. So, I don't find AESEL treated Mr T unfairly when it closed his account. And I won't be asking AESEL to reopen his account.

I understand of course why Mr T wants to know the exact reasons behind AESEL's decision, other than what he's previously been told. And I can see that Mr T has asked AESEL to explain itself on several occasions. But AESEL doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr T the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr T this information. And it wouldn't be appropriate for me to require it to do so.

Mr T has also said that he has been unfairly charged an annual fee. However, from looking at Mr T's account statements I can see that AESEL has applied a pro-rata refund of his annual account fee. So, it appears that this has been put right.

In summary I realise Mr T will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that AESEL have treated Mr T unfairly when it closed his account. So, I don't intend to direct AESEL to do anything further to resolve Mr T's complaint.

AESEL didn't respond to my provisional decision. Mr T said it wasn't fair that he wasn't allowed to know what information I had relied on to reach the outcome I had in my provisional decision. And said he would be speaking to a lawyer.

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

As neither party has provided any further information or evidence for me to consider I see no reason to depart from my findings set out in my provisional decision.

In summary, I appreciate that Mr T will be disappointed by my decision, but I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

I note that Mr T has indicated that he may wish to pursue the matter through other means, I can't advise him on how to go about doing that, but my decision brings to an end what we – as an informal dispute resolution service can do for Mr T.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 27 March 2024.

Sharon Kerrison
Ombudsman