

The complaint

Mr J complains that American Express Services Europe Limited (AESEL) failed to recover the money paid for an item purchased on his credit card.

What happened

On 18 May 2023 Mr J purchased a barbecue for £129.29 from an online retailer I'll call "Y" using his AESEL credit card. Mr J said he subsequently became aware of negative online reviews from customers about Y, saying they didn't receive the goods and couldn't get in contact with Y.

Mr J contacted AESEL on 22 May 2023 raising a chargeback dispute. AESEL pursued this using the chargeback reason "*Goods and Services Not Received*" and temporarily reccredited Mr J's credit card account for the cost of the item. The merchant, Y, disputed that the item wasn't delivered, providing proof of delivery and as such AESEL didn't pursue the chargeback further. It also reversed the account credit for the item.

Mr J complained about how his chargeback had been handled, in particular that he had tried to present further information which AESEL has said was provided too late under the scheme rules. AESEL considered Mr J's complaint but didn't uphold it. Unhappy with this response, Mr J referred his complaint to our service.

One of our investigators considered Mr J's complaint and upheld it. She wasn't persuaded the evidence provided demonstrated that the goods had been delivered. Specifically, the delivery document provided showed the goods were delivered to the general area, but Mr J's address wasn't featured on this document and neither was his name. She also wasn't persuaded the signature provided matched Mr J's name. So she upheld the complaint and asked AESEL to fund the £129.29 and to pay Mr J 8% simple interest on this amount from when the chargeback was initially declined until the date of payment.

In response AESEL accepted the investigator's recommendation. Mr J responded, and whilst he was pleased the complaint had been upheld, he asked for additional compensation. He asked for an additional amount to compensate him for the trouble and upset pursuing this matter had caused. He also asked for the annual credit card account fee be refunded as he didn't feel AESEL provided the fraud protection (which was a benefit provided by the account) in relation to this issue.

As an agreement couldn't be reached, the complaint been passed to me to consider. I contacted both parties with my provisional thoughts. I explained why I felt Mr J had suffered additional distress and inconvenience when pursuing the chargeback with AESEL. So I suggested an additional payment of £100 be paid to compensate him for this. However, I didn't think it was fair for Mr J to be refunded the annual account fee. I felt the account fee provided access to the card, together with a number of different benefits and not solely fraud protection. And even if I was persuaded AESEL should have taken additional/different steps due to the fraud protection on the account, as part of resolving this complaint Mr J has been awarded the cost of the item which is what he would have gotten back through the fraud protection cover.

In response AESEL agreed to pay the additional £100 compensation in line with what I'd proposed. Mr J didn't agree. He maintained that he hadn't received one of the benefits under the account but said that he would accept a partial refund. In addition, he felt he should be awarded £250 compensation given the time it has taken to pursue this matter and the size of AESEL as a company.

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.

The substantive matter in dispute, recovering the disputed £129.29 Mr J paid using his credit card, has already been resolved. So I don't intend to comment on this further. The issue outstanding is what needs to be done to put things right i.e. what is fair compensation in the circumstances of this case. The investigator recommended the cost of the item adding 8% simple interest on this amount from the date the chargeback was initially declined, to the date of settlement. AESEL agreed with this outcome.

Mr J has asked for additional compensation which I'll address below.

Mr J has said he's been put to a great deal of distress and inconvenience in pursuing his chargeback claim. Mr J has told us the dispute has *"taken up a significant amount of my time and caused me a considerable amount of stress."* He has spent *"several hours finding and collating the relevant documents"* and *"the associated stress has impacted my sleep, mood and appetite."* So taking everything into consideration I think Mr J has been put to additional trouble and upset in pursuing the chargeback. And I think this is beyond what I would typically expect a consumer to experience when pursuing a dispute.

As explained above, AESEL has agreed to pay an additional £100 compensation to Mr J. Mr J has asked for a higher amount in part because of the size of AESEL as a company. However, I can't impose a fine on a firm, this is the role of the regulator - Financial Conduct Authority. The compensation I can award is directly linked to the impact the firm's actions have had on a consumer. Turning to the impact this has had on Mr J, I think it's fair to say that Mr J has been put to more trouble than I would expect when pursuing this matter and I think £100 is the fair award to recognise this.

I appreciate Mr J's comments that he feels he hasn't benefited from the fraud protection cover his credit card provided. However, as explained above, the annual fee provides access to the credit card and a number of other benefits, including airmiles and various travel benefits. It is not simply the case that he pays an additional fee for fraud protection alone. In addition, it seems likely this is an ancillary benefit and the key benefit of this account is the airmiles a customer can accrue.

Furthermore, even if I were to say that AESEL should've taken additional or different steps as a result of the protection on his credit card, I can't see Mr J has lost out because of this. As a result of this complaint Mr J will receive a refund for the cost of the item which is what he's said the fraud protection would have provided. So I don't agree it's fair to additionally refund the annual account fee or a proportion of it.

Putting things right

AESEL should:

- Refund Mr J the £129.29 he paid for the item.

- Add 8% simple interest* on this amount from the date the chargeback was declined to the date of settlement.
- Pay Mr J an additional £100 compensation.

*HM Revenue & Customs requires AESEL to deduct tax from this interest. AESEL should give Mr J a certificate showing how much tax it's deducted, if he asks for one.

My final decision

So for the reasons explained, I uphold Mr J's complaint against American Express Services Europe Limited and require it to put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 8 July 2024.

Claire Lisle
Ombudsman