

The complaint

Mrs N complains that American Express Services Europe Limited (AESEL) charged her a £12 fee for a returned direct debit and provided her with misleading information.

What happened

On 26 October 2023 Mrs N made a manual payment of £10,000 to her AESEL credit card account. The balance on the account prior to the payment was £10,178.00. Mrs N thought that AESEL would collect the balance of £178 by direct debit on 27 October 2023.

On 27 October 2023 AESEL collected a direct debit payment for £10,178.00. Mrs N instructed her bank to recall the payment. AESEL charged Mrs N a fee of £12 for the returned direct debit.

Mrs N contacted AESEL via chat to query the fee. AESEL told Mrs N it was a fee from her bank because the direct debit had been returned. Mrs N contacted her bank, but it told her it hadn't imposed any charges.

Mrs N complained to AESEL. She was unhappy that she'd been charged a fee and said she wanted compensation for the time she'd spent contacting her bank.

AESEL didn't uphold the complaint. It said the direct debit payment of £10,178.00 had been recalled by the bank, which resulted in Mrs N being charged a £12 fee pursuant to the terms and conditions of the account.

Mrs N wasn't happy with the response and complained to this service.

I issued a provisional decision in which I said that the terms and conditions of the account made it clear that AESEL could apply a £12 fee in respect of a recalled payment. I said that AESEL hadn't made an error or treated Mrs N unfairly when it applied the fee.

In relation to the information provided to Mrs N via live chat about the fee, I said that whilst the advice about making manual payments was correct, the information provided about the fee had led Mrs N to believe that the fee had been imposed by her bank, which in turn caused her to contact her bank for an explanation of the charge. I said the point here wasn't that AESEL had told Mrs N to contact her bank – because it hadn't – but that the information provided by AESEL that the fee had been imposed by Mrs N's bank caused Mrs N to contact her bank, which had caused her distress and inconvenience. I said that taking everything into account, AESEL should pay compensation of £50 to Mrs N.

I invited both parties to let me have any further comments or arguments they wished to raise.

Mrs N didn't respond to the provisional decision. AESEL responded and said it had nothing to add.

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.

Neither party has raised any further arguments or made any further comments in relation to my provisional decision. In the circumstances, I see no reason to reach a different conclusion to that which I reached previously.

My final decision

My final decision is that I partially uphold the complaint. American Express Services Europe Limited must pay compensation of £50 to Mrs N.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 7 July 2024.

Emma Davy
Ombudsman