

The complaint

A company I'll call L complains that American Express Services Europe Limited (AMEX) blocked, then closed its account without explaining why.

To put things right, L wants AMEX to reinstate its account, explain its actions and pay compensation.

L is represented by its director, Mr G.

What happened

Our Investigator set out the full history of this complaint in detail and the background is well known to both parties. Because of that, I haven't set out the history in the same level of detail as our Investigator, and I've generalised where I don't consider the precise details to be significant to the overall complaint.

Mr G held three accounts with AMEX, one in his personal name and two in different limited company names. In February 2023, AMEX decided to carry out a review of account activity involving cards controlled by Mr G.

This decision focuses solely on L, and I will issue separate decisions relating to Mr G's other accounts. But because AMEX's review related to accounts controlled by Mr G, the background and timeline is the same across all cases, so I'll set out the details of AMEX's overall review below, and I'll comment later on anything significant that relates specifically to L.

At the start of the review, AMEX's Know Your Customer (KYC) team emailed Mr G with a request for various information and documents relating to Mr G's business and account activity. Mr G didn't reply to the email, or to the follow-up email the KYC team sent, which included a warning that AMEX would block Mr G's account if it received no response.

On 17 April 2023, having received no reply, AMEX blocked L's accounts and wrote to him, confirming it had done so. Mr G responded immediately, and provided the information requested. Over the next month, Mr G continued to engage with AMEX and comply with its requests. During that time, AMEX requested information Mr G had already sent and failed to reply to Mr G when he asked for updates.

As part of its review, AMEX said it had found personal expenditure on Mr G's business cards and business expenditure on Mr G's personal cards. And that there were payments to Mr G's cards from parties other than the account holders. When AMEX wrote to Mr G to confirm the block had been removed, it asked Mr G to confirm he would only pay his cards from accounts in the same name, that he wouldn't make payments to his cards from third parties, and that he would only use his business cards for business spending, and his personal cards for personal spending.

Mr G agreed to refrain from making payments from third party accounts, and explained why two business transactions per month appeared on his personal card, saying he was unable

to transfer his business card statements to an Excel spreadsheet, which caused him accounting problems. He asked for AMEX's help fixing that issue, but AMEX didn't respond.

On 5 July 2023, the KYC team emailed Mr G to say it had decided to close his accounts, following completion of its review. The email said AMEX had decided to give Mr G two months' notice, and that the accounts would be cancelled on 3 September 2023. But it also said that all of Mr G's accounts would be blocked.

Mr G was briefly advised that the cards could be used, and L had access to its account for two days, but AMEX then re-applied the block and the accounts were ultimately closed without Mr G being able to make further use of the cards.

Mr G complained, but AMEX didn't uphold his complaint. It issued its final response on 3 August 2023, saying it had taken a business decision to cancel Mr G's accounts, and that no further information could be provided.

Mr G remained unhappy, so he brought his complaint to our service. He said his business relied on being able to use AMEX cards, and that AMEX had caused him financial loss. To put things right, he wanted AMEX to explain its decision, reinstate his cards and pay compensation.

Our Investigator upheld Mr G's complaint, but didn't ask AMEX to reinstate the cards or explain the reasons for its decision. He said AMEX hadn't justified why it blocked Mr G's accounts during the two-month notice period, and that it hadn't done enough to persuade him that doing so was fair and reasonable.

However, he said AMEX was entitled to block L's accounts while it carried out the initial review, that it didn't have to explain the reasons for its decision, and that it was entitled to choose who it did business with, and therefore hadn't treated Mr G unfairly in closing his accounts.

Our Investigator did award compensation though, albeit significantly less than Mr G had claimed. In respect of L's complaint, he awarded £400 to reflect the inconvenience caused to the limited company as a result of its cards being blocked during the notice period.

AMEX said it felt it had reached the correct outcome when it reviewed Mr G's complaint in August 2023, so it didn't accept our Investigator's outcome and asked for an Ombudsman to review the matter afresh. Mr G also requested the complaint be passed to an Ombudsman, saying the compensation was inadequate.

Mr G claimed he had lost £150,000 between his two companies because of AMEX's actions and set out his arguments in support. Our Investigator didn't accept Mr G's claim though, saying he was only awarding compensation for the two-month notice period (along with some more minor service failings). He wasn't satisfied that Mr G had evidenced the claimed loss, or that he had demonstrated the steps he had taken to mitigate his losses.

Because both parties rejected our Investigator's findings, the matter came to me to issue a 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.

Firstly, I should say that I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr G and AMEX have said, before reaching my decision.

Account block

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review. The circumstances in which a bank must take such actions are fluid and may change at any given time depending on various factors. So, in order to make an award in favour of L, I would need to be satisfied that AMEX acted unfairly or took actions it wasn't entitled to take given all of the circumstances that were present at the time it decided to block and review L's account. And, having looked at the evidence both parties have provided, I'm satisfied AMEX acted in line with its legal and regulatory obligations when it blocked L's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between AMEX and L.

I appreciate Mr G is frustrated that AMEX didn't explain its reasons in full, and that he feels strongly about L's complaint. But, under the terms and conditions of the account, AMEX doesn't have to give a reason for doing so. So, I can't say it did anything wrong by not giving L this information when Mr G complained. And, having investigated AMEX's rationale myself, I'm satisfied it was entitled to block the account and complete the investigation in the manner it did. And I've seen no evidence to suggest it treated L unfairly.

While I don't doubt AMEX's actions caused L problems and disrupted its commercial activities, I won't ask it to compensate L because I don't consider it did anything it wasn't entitled to do, or treated L unfairly, considering all of the circumstances of this complaint. AMEX has accepted there were service issues and I can see it gave L incorrect information about the status of the review, and that it duplicated requests for information from Mr G unnecessarily. Mr G did suggest that he didn't receive the emails sent before the block, but I can see that he did reply to those emails, using the same email address after the block. So on balance, I think it's more likely than not that he did receive them, but didn't see or read them.

Mr G complained that AMEX should have called him, given the severity of the issue, but ultimately AMEX is entitled to choose its own process for contacting customers in these circumstances. So, while I agree it would have been more helpful had AMEX decided to call Mr G as well as email him, I don't find that it did anything wrong by not doing so.

Account closure

AMEX is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. The terms and conditions of L's account – with which both AMEX and L had to comply – say that AMEX could close the account by giving 2 months' notice, or immediately in certain circumstances, which are listed in the terms and conditions.

I understand L was reliant on AMEX cards to make essential purchases, and I can see that losing the account had a serious impact on L's business. But ultimately, AMEX is free to

choose who it wishes to do business with, and it was free to end its relationship with L, regardless of the impact the termination would have on L.

As was the case with the account block, under the terms and conditions of the account, AMEX doesn't have to give a reason for closing L's account. So, I can't say it did anything wrong by not giving Mr G this information when he asked.

And, having investigated AMEX's rationale myself, I'm satisfied it was entitled to close the account by giving two months' notice. While I don't doubt AMEX's actions caused L problems and disrupted its commercial activities, I won't ask it to compensate L for closing the account, because I don't consider it did anything it wasn't entitled to do, or treated L unfairly, considering all of the circumstances of this complaint.

AMEX has disclosed its reasons to our service and, while I understand that won't reduce Mr G's frustrations and that Mr G might not accept my decision, I hope he can take some comfort from the fact that I have independently reviewed AMEX's actions. And that I would have upheld L's complaint if I wasn't satisfied AMEX had acted fairly and reasonably.

With that being said, AMEX also chose to block L's account during the notice period. That meant that L wasn't able to use its account while it sought to make alternative arrangements, which is ultimately the main purpose of a notice period. AMEX has continually sought to suggest that blocking L's account didn't negate the benefit of the notice period, but it hasn't sufficiently explained what benefit it thinks Mr G did obtain during the notice period, given he couldn't use his cards.

AMEX has explained to our service why it thinks the block was justified during the notice period, but I don't accept its arguments on that issue. Among other things, AMEX referred to the terms of business that say "*You must pay from a business account in the name of the company, or a personal account in your own name.*"

But I'm not persuaded that that entitled AMEX to block Mr G's account during the notice period. That section continues "*If you do not, you may experience disruption to your Account...*" and makes no reference to such behaviour giving rise to a right to deprive a customer of a notice period. I accept there may be certain circumstances when it would be appropriate for AMEX to do so, but I'm not persuaded that those circumstances are present in the circumstances of this particular complaint.

And I should say that I've considered all of AMEX's arguments on this point, before reaching this conclusion. Further, AMEX had the opportunity to provide further evidence to corroborate any concerns it had that would have justified blocking the account during the notice period, but it hasn't provided evidence that persuades me doing so was reasonable.

Our service expects AMEX to give reasonable notice of an account closure in circumstances such as these, and, having considered all of the circumstances of this particular complaint, I take the view that AMEX's decision to block the accounts throughout the notice period deprived Mr G of the benefit of the notice period, for the reasons I've set out above. And that it wasn't fair and reasonable for AMEX to do so.

The terms and conditions do allow AMEX to terminate the account immediately in certain circumstances, but I'm not satisfied that the evidence AMEX has provided our service justifies an immediate closure. So, I'm not persuaded the block could be justified on that basis, and I'm not persuaded that the concerns AMEX has set out to our service are supported by the evidence it has sought to rely on. And I don't consider there to be any other good reason not to compensate L here, taking into account all of the circumstances of this particular case.

Compensation

Because I consider AMEX unfairly denied L of access to its account during the notice period, it follows that it must put things right for L. Mr G has claimed heavy losses of £150,000, split between his two limited companies. And he's explained that L wasn't able to buy stock without its AMEX cards, which in turn led to reduced future sales, because of the way L's business works.

Mr G explained what impact this situation had on L, and what he would have done, had he had more time. And he has provided some evidence, such as letters from suppliers confirming the difficulties in receiving payments, and statements showing the volume of business transactions during busy periods.

However, I'm sorry to say that I won't be making an award beyond what our Investigator suggested. Mr G hasn't provided clear evidence that demonstrates and itemises the loss L suffered, and crucially he hasn't demonstrated that L suffered those losses *because* of AMEX's mistake (i.e. the two-month block in July and August 2023).

Mr G has said replacing L's AMEX facilities took time, and that he was only able to make small inroads in mitigation in the immediate aftermath of AMEX closing L's account. And my impression from Mr G's submissions is that the vast majority of difficulties L has experienced are because of AMEX's decision to withdraw its services, not because of the two-month block.

It might be that L suffered some losses that were attributable to the lack of notice, but I haven't seen compelling evidence demonstrating that. And I can't reasonably compensate L for its claimed losses, if I'm not satisfied what those losses were, or that they were caused by AMEX's errors.

With that being said, I think it's clear from Mr G's submissions that the block did cause L significant inconvenience. L's director's attention was directed away from day-to-day business matters at short notice and Mr G had to seek alternative financing arrangements at short notice, which would have caused L significant inconvenience over what would have happened, had AMEX not blocked L's account.

While I understand Mr G values his claim more highly, in line with our award guidelines, I'll award L £400 for the inconvenience caused by AMEX's decision to block its account during the notice period. And I'm satisfied this sufficiently compensates L for the inconvenience it was caused by AMEX's decision to block L's accounts during the notice period.

My final decision

My final decision is that I uphold this complaint. To put things right, American Express Services Europe Limited must pay L £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 11 March 2025.

Alex Brooke-Smith
Ombudsman