

The complaint

Mr P complains that American Express Services Europe Limited (“AESEL”) declined a transaction on his credit card and reduced his credit limit.

What happened

Mr P holds two credit cards with AESEL.

On 8 December 2022 AESEL declined a transaction on one of Mr P’s credit cards and advised him that his line of credit had been reduced. When Mr P queried this he was advised that he needed to pay £5,799 or provide three months bank statements to restore the credit.

Mr P paid £5,799 on 16 December 2022 and was advised that the credit limit would be restored within 30 minutes of the payment being received but this didn’t happen.

Mr P contacted AESEL on 19 December 2022 because the credit limit still hadn’t been restored. He was advised that it would be restored that day, but it wasn’t.

Mr P contacted AESEL on 20 December 2022 and was told the same thing. The credit limit was eventually restored on 27 December 2022.

Mr P found that he was unable to withdraw cash on his other credit card. He contacted AESEL on 12 December 2022 and was advised that the cash withdrawal had been decommissioned on his card in June 2022 and was no longer available. Mr P was advised that cash withdrawal was activated on the other card and that his difficulties may be due to an issue with the ATM. Mr P asked for emergency cash, but this was rejected for policy reasons.

AESEL sent a letter to Mr P on 8 December 2022 which provided detailed information on reducing the credit limit and the suspension of the cash withdrawal. The letter was sent to Mr P’s registered mailing address, but he didn’t receive it because he was abroad.

Mr P complained to AESEL. He said the restrictions on his cards had made it difficult for him to conduct his business and this had led to him being unable to fulfil a customer order and losing the customer, in respect of which he sought compensation.

In its final response, AESEL acknowledged that Mr P’s experience didn’t meet its standards of customer service. It apologised and paid £100 compensation as a gesture of goodwill.

Mr P remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. He said that Mr P hadn’t been kept updated about the progress of reinstating his credit limit and had been given deadlines by which it would be restored which weren’t met. The investigator said that Mr P should’ve received better customer service and said that although AESEL had paid compensation, this wasn’t appropriate for the level of distress and inconvenience caused to Mr P. the investigator said the compensation should be increased to £300.

AESEL responded and said it agreed with the investigators view. Mr P remained unhappy. He said the suggested compensation didn't reflect the financial loss he'd suffered as a result of the issues with his cards.

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.

I've reviewed all the available information, and I've looked into what happened.

In relation to the credit limit reduction, I can see that Mr P was advised on multiple occasions that the credit limit would be restored within a certain timescale, only for this deadline to pass with nothing having been done.

Mr P was given conflicting information each time he called. On one occasion he was advised that the credit limit would be restored within 48 hours, on another occasion he was told it would be restored within 30 minutes and on another occasion, he was advised that a senior manager needed to approve the restoration of the credit limit, but that it was taking some time due to it being Christmas. It took around 2 weeks (since the date when Mr P made the payment of £5,799) before the credit limit was restored.

I can see that Mr P had to make several calls to AESEL to find out what was happening. Some of the calls were connected to the wrong department, or disconnected, which I appreciate would've added to Mr P's frustration.

In relation to the cash withdrawal, Mr P was given misleading advice about his ability to use cash withdrawal services. I can also see that an emergency cash withdrawal was authorised, but Mr P was unable to access this.

AESEL has acknowledged that it provided poor customer service to Mr P. It has apologised and says it has provided feedback to the relevant departments. It also paid compensation of £100.

Putting things right

It's clear that Mr P has been caused a significant level of distress and inconvenience as a result of being unable to use his card or access emergency funds. I've taken into account that Mr P was abroad at the time (which AESEL was aware of) and so his level of distress at being without access to funds in a foreign country would've been greater. The repeated failure by AESEL to meet the deadlines it had given for restoring the credit limit would've added to Mr P's frustration.

I agree with the investigator that £100 doesn't reflect the level of distress and inconvenience suffered by Mr P. I think that £300 compensation is fair and reasonable.

Mr P has told this service that he was prevented from fulfilling a contract worth £120,000 because of the actions of AESEL. I've taken what Mr P has said into account, but I won't be asking AESEL to compensate Mr P for his wider financial losses, as I haven't seen any evidence to persuade me that Mr P couldn't have used other financial resources or credit facilities to compete the contract.

My final decision

My final decision is that I uphold the complaint. American Express Services Europe Limited

must pay total compensation of £300 to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 July 2024.

Emma Davy
Ombudsman