

The complaint

Mr T complained about the way American Express Services Europe Limited (AESEL) dealt with a claim for a refund for goods he bought using his credit card.

What happened

Mr T bought goods for around £70 using his AESEL credit card at the end of December 2023. This transaction was included in the statement that was generated for the account on 19 January 2024, with the direct debit payment due on 2 February 2024. Mr T was in credit on the account before this transaction was debited.

Mr T said the items weren't delivered as expected at the end of January 2024, so he raised a chargeback dispute with AESEL on 1 February 2024. The direct debit was called for on 2 February 2024 but wasn't paid. Mr T thought that if AESEL credited his account for the relevant transaction, he would still be in credit and the direct debit wouldn't have needed to be paid. As this didn't go through Mr T was charged a £12 fee.

AESEL said it told Mr T on 3 February 2024 the transaction would be suspended whilst it processed the chargeback. On 5 February 2024 AESEL informed Mr T that it required more information by 15 February 2024 to process the chargeback.

AESEL said it didn't receive the information by the deadline so notified Mr T. However, shortly after, it received the information. AESEL continued with the chargeback process and the transaction was credited to Mr T's account on 20 February 2024 awaiting a response from the merchant.

AESEL investigated a complaint and explained that any credits from the merchants or AESEL wouldn't adjust the direct debit payment after a statement is created. It said Mr T was told he could make the payment for the January statement when he first raised the dispute, and it also refunded the return fee when the direct debit was returned unpaid. It said the transaction was permanently credited on 20 February 2024.

Mr T referred his complaint to the Financial Ombudsman Service. Our investigator reviewed the complaint and didn't uphold it. He didn't think AESEL had made an error as the direct debit couldn't have been amended when Mr T first notified AESEL of the chargeback claim. Mr T didn't agree and asked for an ombudsman to review his complaint. He said there wasn't a payment to collect, and that he'd provided information on AESEL's online portal on more than one occasion.

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 and carefully considered the entire file. I've focused my response on what I believe is most relevant to the matter at hand. If I've not addressed a specific point, it's not because I've overlooked it or failed to consider it, but because I don't believe it's necessary

to comment on it in order to arrive at what I believe is a fair outcome. The rules of the Financial Ombudsman Service allow me to take this approach.

In certain circumstances a card issuer can raise a chargeback dispute under the relevant card scheme rules, in this case it's the American Express scheme. This is where the cardholder has a dispute with the merchant, but this is subject to strict rules and there is no guarantee that the card issuer will be able to recover the disputed amount. Issues with the merchant don't always result in a successful chargeback claim. Whilst there is no obligation for the card issuer to raise a chargeback claim, I think it's good practice to do so, where there is prospect of success.

It doesn't seem Mr T is complaining about the outcome of the chargeback claim but the way AESEL dealt with the transaction on the account when it was processing the chargeback claim, which meant he was charged for a missed direct debit payment. As such, I won't be commenting on the outcome of the chargeback claim in this decision. What I have considered is whether AESEL acted fairly when it was notified of the dispute.

I understand Mr T is unhappy that AESEL didn't apply a credit or a suspension immediately when he first contacted it to raise the dispute. I can see Mr T discussed the chargeback in a live chat and he mentioned the direct debit would be collected on the due date. The agent said Mr T would be informed of the chargeback outcome and he could pay the direct debit. I don't think Mr T was told the direct debit didn't need to be paid.

AESEL said it couldn't apply a temporary credit to avoid a direct debit payment being called for. It informed Mr T in his statement that any adjustments to the direct debit needed to be done four days before the due date. As Mr T contacted AESEL the day before the payment was due, given the period of time Mr T contacted AESEL, and that it was inside the four days prior to the payment been taken, I don't think it's unreasonable that any amendments couldn't be done. I don't think in the circumstances it was unreasonable AESEL requested the payment by the due date despite Mr T raising a chargeback claim. There wasn't enough time for it to stop the request.

I've also considered that AESEL refunded the late fee charge as the direct debit wasn't paid on 2 February 2024 and I think this was fair.

I appreciate Mr T feels strongly about this matter but based on the circumstances I'm not persuaded that AESEL has acted unfairly.

My final decision

For the reasons explained above, I do not uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 January 2025.

Amina Rashid
Ombudsman