

The complaint

Mr G complains that American Express Services Europe Limited (“AESEL”) charged him interest incorrectly due to its failure to change his direct debit date which he requested in May 2023.

What happened

Mr G holds a British Airways American Express Premium Plus Card.

In May 2023 Mr G contacted AESEL and asked to change his direct debit date. The outstanding amount on the account was scheduled for collection by direct debit on 29 May 2023 with a payment due date of 9 June 2023.

The agent changed the billing cycle and confirmed that the changes would apply from the next billing cycle onwards. The agent advised Mr G that the next statement date would be 17 July 2023 with a payment due date of 28 July 2023. The agent advised Mr G that his direct debit scheduled for 29 May 2023 couldn’t be modified and advised him to cancel it and make a manual payment for the outstanding balance due by 9 June 2023.

Mr G cancelled his direct debit. AESEL sent a letter to him dated 23 May 2023 confirming that the direct debit had been cancelled.

Following the cancellation of the direct debit, no new direct debit was set up by Mr G. Payments for the July, August, September and October statements were received after the due date and as a result, interest accrued on the account.

Between August 2023 and November 2023, interest of £813.46 accrued on the account. When Mr G realised this, he contacted AESEL. An agent credited one months interest of £289.88 back to the account but no further interest was credited. Mr G raised a formal complaint with AESEL.

In its final response, AESEL said it hadn’t made an error and that the interest had been correctly charged in line with the terms and conditions. AESEL acknowledged that the agents whom Mr G had spoken to had multiple opportunities to clarify things for Mr G but had failed to do so. It said that the agent who Mr G spoke to in May 2023 should’ve advised Mr G to cancel the direct debit for the May 2023 payment only. It also said that the agent who Mr G spoke to in November 2023 should have informed him that interest had been correctly charged to avoid any misleading expectation of reversing all of the interest charges while reversing the interest for one month. AESEL said that as a gesture of goodwill and by way of apology it had applied a credit of £125 to Mr G’s account.

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

Our investigator upheld the complaint. They said that Mr G had requested to amend the direct debit date when he first called, and that the agent should’ve explained that Mr G would need to contact his bank and cancel the direct debit and contact AESEL again to reinstate it for the amended date. The investigator said that without this information, Mr G was left under

the impression that the direct debit was set up. The investigator said there was also a responsibility on Mr G's part to query why his direct debit payments weren't being taken. The investigator concluded that AESEL should refund a further £116.85, meaning that 50% of the interest charged would be refunded.

AESEL accepted the investigator's view. But Mr G disagreed. He said he didn't think he should've been expected to look at his statements and follow up with AESEL on his direct debit as this was something he felt that AESEL's systems should've picked up. Mr G said he thought AESEL should refund more interest or increase the compensation because of the time he had spent trying to resolve the matter.

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.

There's no dispute that when Mr G first contacted AESEL he requested to amend his direct debit date.

I've listened to the relevant call recording. The agent advised Mr G to contact his bank and cancel the direct debit. The agent also advised Mr G that he would need to make a manual payment that month.

The information given by the agent wasn't incorrect. However, it was incomplete and misleading, because the agent didn't explain to Mr G that he would need to call back to set up his direct debit for his preferred date or set it up online. Without this information, Mr G wasn't aware that his direct debit wouldn't be collected in the months which followed. He's said – I think quite reasonably – that he was left with the impression that AESEL would handle the amended direct debit date, because that is what he had asked them to do. I'm therefore of the opinion that AESEL didn't treat Mr G fairly on the first call, because it failed to provide full information.

AESEL has said that there was a responsibility on Mr G to make sure that his account was paid on time. I agree with this. However, I also think it was reasonable for Mr G to assume that matters relating to the amended direct debit were in hand with AESEL. So I wouldn't necessarily have expected Mr G to follow up with AESEL when his first (amended date) direct debit payment wasn't taken.

That said, I agree with the investigator that when Mr G's direct debit wasn't taken in the second month following his request to amend it, it would have been reasonable for him to contact AESEL and see why his direct debit wasn't being collected. I'm satisfied that Mr G was aware at this time that his direct debit payments weren't being collected because he made manual payments.

Mr G has said that he didn't contact AESEL because he thought they were just taking a while to set things up. However, I think after two months it would be reasonable to expect Mr G to have chased things up. I appreciate the points that Mr G has made about AESEL being a global financial institution and about him being busy with his new job and his young family. However, I still think there was a responsibility on Mr G to make sure that the account was set up in accordance with his request, and I think he was aware that it hadn't been. I don't think – even accepting the pressures on Mr G's time – that it would've been onerous for Mr G to follow this up with AESEL.

I can see that Mr G made manual payments to clear the balance each month. It's unfortunate that these manual payments were made slightly late. In some cases, just a day

after the payment due date. However, I'm unable to say that AESEL has charged interest incorrectly, because the terms and conditions of the account clearly state that interest will be charged if payment isn't made on the due date.

Putting things right

Taking everything into consideration and for the reasons I've explained above, I think AESEL should refund 50% of the interest charged. This reflects the failure to provide full information to Mr G when he first contacted them with his request to amend the direct debit date. I'm not persuaded that AESEL should refund more than 50% of the interest charged, because (as I've said above) I think it would've been reasonable to expect Mr G to query why his direct debit payments weren't being collected after the second month.

It's clear that Mr G has been caused some inconvenience as a result of AESEL's service failings, and I've thought about whether the compensation already paid is fair. On balance, I think it fairly reflects the impact on Mr G. I appreciate the point Mr G has made about the cost of his time and the fact that he's spent several hours trying to resolve this matter. However, the way in which this service approaches compensation is to look at the impact of the error and determine a fair and reasonable sum. We don't calculate compensation by reference to a consumer's salary or hourly rate.

My final decision

My final decision is that I uphold the complaint. American Express Services Europe Limited must refund a further £116.85 in interest.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 October 2024.

Emma Davy
Ombudsman