

The complaint

Mr U complains that American Express Services Europe Limited (AESEL) charged him £240.71 interest for a credit card repayment which was only a couple of hours late.

What happened

Mr U says that as he was travelling, his payment to his Amex card was late by a couple of hours. He says Amex charged him £240.71 on his following statement, which he told them he didn't think they were providing him fair value, and that the terms and conditions were not clear on these charges. Mr U says he told them that to achieve a good customer outcome, the interest should be waived, but the agent told him their internal policies didn't allow them to do this. He says their policies do not align with the Consumer Duty. Mr U made a complaint to Amex.

Amex did not uphold Mr U's complaint. They said Mr U's payment was due on 18 April 2024, but he made the payment on 19 April 2024, so as this was paid after the due date, interest was charged in line with the terms of the account. Amex said they had already waived an interest payment for Mr U in October 2023. Mr U brought his complaint to our service.

Our investigator did not uphold Mr U's complaint. She said the interest charged wasn't calculated based on the time between the deadline for payment and when the payment was made. It was calculated based on the time between each purchase and the deadline for payment. So, in this instance, she didn't think that Amex failed to provide fair value by charging interest.

Mr U asked for an ombudsman to review his complaint. He said under Consumer Duty, Amex must make the terms understood and laid out in a clear and non-confusing manner. He said there is no evidence that this has been done, or they have carried out this assessment. Mr U said Amex are also responsible for making sure their product provides fair value for each customer. He said charging hundreds of pounds of interest for a few hours is clearly not fair value for him.

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.

To do this I've taken into account any relevant law and regulation, regulators' rules, guidance and standards (including the Consumer Duty), codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Mr U has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr U that it is not within this service's remit to tell a business how it should run its interest charging policies, such as when to refund interest or to tell them what

interest to charge a customer, even if a repayment is only late by a couple of hours. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Amex to make changes to their policies and procedures, if necessary.

I've considered what Mr U has said about the terms of the account not being clear. I've reviewed the credit agreement, and I can see that section two of the credit agreement is clearly marked "*Fees and charges that apply to your account*". In this section, it sets out the Annual Percentage Rate (APR), and it gives Mr U an example of what interest they may charge.

There is also a section explaining interest rates. Section 2.3 of the credit agreement sets out the fees and charges which apply to Mr U's account, such as a £12 fee for a late payment. I'm satisfied that section 2.4 of the credit agreement is clear to understand as Amex informs Mr U the following:

"We charge interest from the date an amount (e.g. a purchase or fee) is charged to your account until it is paid in full but there are three exceptions to this. We don't charge interest on... purchases if you always pay the full amount you owe on each statement date (as shown on your statement) by each payment due date".

Mr U's Amex statement dated 24 March 2024 is clear that the payment due date is 18 April 2024. As Mr U's settings are for paperless statements, then I'm satisfied he would have been emailed that his statement was ready to view, as Amex have forwarded me an example of the email they send Mr U.

So on the balance of probability, I'm persuaded that Mr U ought to have been reasonably aware that he needed to make a repayment by the repayment due date. But Mr U did not do this. While I understand Mr U was travelling, and that is why his payment was made after the due date, Amex were very clear of the date Mr U needed to pay by, and they issued a statement well in advance of this date. The credit agreement then clearly goes on to say under section 2.4, under the examples heading:

"When you'll pay interest on purchases" and "If you didn't pay the full amount you owe in June, we'll charge interest on any purchase charged to your account in June and July, even if you then pay the full amount you owe in July."

So here, Mr U didn't pay the full amount by the payment due date, so he was charged interest, as the agreement showed "*We charge interest from the date an amount (e.g. a purchase or fee) is charged to your account until it is paid in full*". The exception wouldn't apply here as Mr U didn't pay the full amount by the payment due date. So I can't say they've treated Mr U unfairly here.

Mr U has mentioned Amex needed to provide him with a good customer outcome – something Mr U has found reference to in the Consumer Duty (a new standard for firms introduced by the regulator for events from 31 July 2023). I've considered this, but it might help Mr U to note it is not fair or reasonable for a good outcome to always be for the consumer to have the outcome they want.

In this matter I would expect Amex to fairly and reasonably apply the terms of the agreed credit agreement. And that is what they've done here.

I've noted the strength of feeling that Mr U has about the interest charged for him making a payment hours after the deadline. But section 2.2 of the credit agreement sets out the interest is charged daily, not hourly, and as he didn't pay in full by the due date, Amex charged Mr U interest from the date an amount was charged to his account (not from the

payment due date), in line with the agreed credit agreement.

Amex also has this information readily available on their website under the “*Important Information*” section of the type of Amex card Mr U holds. Amex have told me that the latest set of terms and conditions were sent to Mr U on 1 September 2024, so it appears he is notified of any changes to the interest or the terms of the credit agreement. I can also see Mr U’s Amex statements also contain information about interest applicable to his account.

Consumers should receive the support they need, when they need it, communications they understand, and products and services that meet their needs and offer fair value. However, the Duty doesn’t remove consumers’ responsibility for their choices and decisions..

In view of the above I therefore think it’s fair to say Mr U has had the information he needed at the right time to make his decision about when to pay his credit card – the information was on his statement and available to him through the terms and conditions of the account. I’m also mindful this was not the first time Mr U had been made aware of the requirement to ensure that he makes payment to his credit card by the due date.

Mr U says Amex have not met Consumer Duty standards because the interest he has paid here is not representing a fair value for him.

On price and value, I’ve kept in mind there should be a relationship between price and value. When looking into the interest charged by Amex, I’ve also considered the benefits provided and whether the agreement offered Mr U fair value. Looking at the agreement, Mr U was able to borrow up to a £15,000 credit limit, and he could avoid being charged purchase interest if he paid off his full statement balance in full each month by the due date. And the terms of the credit agreement offered by Amex are broadly consistent with what I would expect to see from such a credit agreement about when interest should be applied.

So, from the information I’ve taken into consideration, I can’t say Amex have acted unfairly here either in terms of making Mr U aware that he needed to make payment towards his credit card before the due date or how the interest was applied to the account. As I’ve already referenced above, the interest rate applicable to the account is a commercial decision for the lender to make and not a matter for me to interfere with as that is out of my scope.

While Amex would have been entitled to charge Mr U a £12 late fee, I can’t see that this was applied to his statements. And I can also see that despite Amex being entitled to charge Mr U interest, they had waived interest twice in 2023 for him. So I wouldn’t expect Amex to keep waiving interest, which is legitimately applied to an account, as this would not be proportionate. So it follows I don’t require Amex to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr U to accept or reject my decision before 5 December 2024.

Gregory Sloanes
Ombudsman