

The complaint

Miss K complains that American Express Services Europe Limited trading as American Express ("AESEL") cancelled her accounts without notice.

What happened

Miss K held two credit card accounts with AESEL. In October 2023 she experienced some financial difficulties and asked AESEL for a payment break. Miss K says she told AESEL that once the payment break was over, she would use her savings account to pay off both cards.

At the end of the payment break Miss K tried to use her cards but found that they had been cancelled and her accounts referred to a collection agency. Miss K settled the balance on both accounts and complained to AESEL, asking for the credit cards to be reinstated.

AESEL didn't uphold the complaint. In its final response it said it had sent an email to Miss K on 12 February 2024 advising her that her payment break had ended and further advising her that her account wouldn't be unsuspended until it had spoken to her to determine whether further support was needed. AESEL said it had spoken to Miss K on 13 February 2024 when she had requested a further three months payment break, which she was advised was not a possible option as the accounts would auto cancel. AESEL said it had offered another option to Miss K which she declined, and an agreement was made for a call back to discuss options again, although further attempts to contact Miss K were unsuccessful and the accounts auto cancelled. AESEL said it couldn't reinstate the accounts.

Miss K wasn't happy with the response and complained to this service.

Our investigator upheld the complaint. He said that AESEL had agreed to call Miss K back to discuss the regain programme she'd previously declined but hadn't provided any evidence to show that they had attempted to call Miss K. The investigator said that in the absence of evidence to show that the call back was attempted, AESEL should reinstate one of the cards, amend Miss K's credit file and pay compensation of £100.

AESEL responded and said it agreed to pay £100 compensation, but it didn't think it was reasonable to reinstate the account. It said it had provided Miss K with details of the available support plans that she could have enrolled into and said it believed that the account was best placed with an outside agency who could provide an affordable repayment program. AESEL said it didn't agree that reopening the account and recalling any balances would be in the best interests of Miss K.

Because AESEL didn't agree I've been asked to review the complaint.

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 the system notes provided by AESEL. These show that Miss K first contacted them in October 2023 to request support. A payment break was agreed.

I can see that AESEL spoke to Miss K on 13 February 2024. Miss K requested a further three months payment break. The call handler explained that the account would be cancelled and offered the regain programme. Miss K didn't want to enrol on this and requested a further one-month payment break. The call handlers note records that the account would be reviewed at the end of the month for an answer regarding the regain programme.

I can see that AESEL spoke to Miss K on 2 March 2024. During the call Miss K advised the call handler that she intended to borrow funds from a family member to settle the account. The call handlers note records that if no payment was received Miss K would be called back to discuss the regain programme.

I haven't seen anything in the system notes to suggest that AESEL called Miss K back as indicated. This service invited AESEL to provide evidence that it called Miss K back, but it hasn't provided anything further.

Based on the information I've seen, both accounts were then cancelled without further notice or discussion with Miss K.

Miss K has confirmed to this service that she settled both accounts in full in March 2024.

I've thought about whether AESEL acted fairly and reasonably when it cancelled both cards. The terms and conditions of the account allow AESEL to end the agreement for any reason. However, AESEL had agreed to call Miss K back to discuss the regain programme. I haven't seen any evidence to persuade me that AESEL called Miss K back. In the circumstances I don't think AESEL treated Miss K fairly by cancelling the accounts and ending the agreement.

AESEL has said that it wouldn't be in Miss K's best interests to have the card reinstated and the balance recalled because she has been offered all the available support plans. However, Miss K has settled the balance on both accounts and wouldn't therefore require support in paying any balance.

Taking all the information into account, I'm in agreement with the investigator that at least one of the accounts should be reinstated and Miss K's credit file amended to reflect the fact that she has settled the accounts in full. I also think it's fair to ask AESEL to pay compensation for the distress and inconvenience caused to Miss K.

Putting things right

To put things right, American Express Services Europe Limited trading as American Express must reinstate one of the cards, amend Miss K's credit file to show both accounts as settled and pay £100 compensation.

My final decision

My final decision is that I uphold the complaint. American Express Services Europe Limited trading as American Express must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 2 January 2025.

Emma Davy
Ombudsman