

## **The complaint**

Mr S complains that American Express Services Europe Limited (AESEL) recorded a late payment marker on his credit file.

## **What happened**

Mr S opened a new credit card account with AESEL on 17 May 2024. He was under the impression that a direct debit payment would be set up to collect his monthly payment, but this didn't happen, which led to him missing his first payment. AESEL reported the late payment on Mr S's credit file and issued a Notice of Default.

Mr S complained to AESEL and asked for his credit file to be amended.

AESEL didn't uphold the complaint. In its final response it said that although Mr S had provided his bank account information at the time of opening the card, it was made clear that the banking information was one of the factors that would be used to determine eligibility for the card and that no funds would be debited from the bank account. AESEL said that whenever a direct debit was set up a confirmation email and a letter would be sent to confirm successful set up. It said that no direct debit had been set up by Mr S and as such he was required to make manual payments. In relation to Mr S's credit file, AESEL said that the information it had reported was accurate, because a Notice of Default had been issued on 14 July 2024.

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

Our investigator didn't uphold the complaint. He said that although he appreciated that Mr S was unaware that a direct debit hadn't been set up, there was no evidence to suggest that AESEL had given Mr S any indication that a direct debt would be set up. The investigator said the onus was on the customer to make sure a direct debit was set up or that a manual payment was made by the due date. The investigator said that the payment was due on 8 July 2024 but wasn't received until 18 July 2024 and that AESEL hadn't made an error with the reporting on Mr S's credit file.

Mr S didn't agree. He said he'd made the payment on 18 July 2024 which was only 10 days late. He said he was under the impression that a late payment shouldn't be recorded until a period of 30 days had passed to allow customers who had made a genuine mistake to rectify the situation. Mr S referred to an extract from AESEL's website which stated that a payment missed for an entire 30-day billing cycle will likely be reported to three credit bureaus. He said that it wasn't fair that the late payment had been reported when it was only 10 days late.

Because Mr S 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 know that it will disappoint Mr S, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the account statements. I can see that Mr S was due to make his first payment on 8 July 2024. However, he didn't make his payment until 18 July 2024, by which time AESEL had recorded a late payment marker on Mr S's credit file.

I can see that on Mr S's statement the minimum payment required, and payment date is clearly shown as 8 July 2024. The statement also sets out the various ways in which payment can be made.

Mr S has said that he wasn't aware that a direct debit wasn't set up. However, he hasn't said that he took any steps himself to set up a direct debit when he took out the card. AESEL has provided information which shows that when Mr S received his new card, he would've been asked to activate the card online, and that once the card was activated, he would've been able to set up a direct debit on the account using the direct debit tab.

When a direct debit has been successfully set up, a business will always notify a customer of this. I haven't seen any communications sent by AESEL to Mr S which would lead him to believe that a direct debit had been set up. Nor have I seen anything else which suggests that AESEL has made an error here.

Ultimately, it's the customers obligation to make sure that payments are made on time, whether the payment is by direct debit or being made manually. I appreciate that Mr S made a genuine mistake here because he thought he'd set up a direct debit, but this wasn't the case.

Mr S has raised an issue about whether the late payment should've been reported on his credit file at all. He says that because he rectified the payment 10 days after the due date, the payment should not have been recorded as late. Mr S relies on an extract from what he says is the AESEL website to support this. However, on reviewing the information that Mr S provided, this has been taken from AESEL's United States website, and not the UK website which would be the only applicable website.

Notwithstanding the source of the information provided by Mr S, this service asked AESEL about the timescales for reporting late payments to the credit reference agencies. AESEL said that in order to avoid a late payment marker being reported, customers needed to pay by the due date. It said the late payment in this case had been reported correctly.

I understand that Mr S wants his credit file amended. However, based on what I've seen, I'm unable to say that AESEL has made an error by reporting the late payment. AESEL is under an obligation to report accurate information to the credit reference agencies.

### **My final decision**

My final decision is that I'm unable to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 January 2025.

Emma Davy  
**Ombudsman**