

The complaint

Mr L complains that direct debit payments weren't collected by American Express Services Europe Limited (AESEL) (Amex).

What happened

Mr L has an Amex credit card and makes payments to cover the full statement balance each month. In April 2024 Mr L amended his direct debit instruction to collect from a different bank account. Amex sent Mr L a letter that said it would collect the minimum payment by direct debit. On 18 April 2024 Mr L called Amex and the agent amended the direct debit instruction to collect the full outstanding balance. Amex says it sent a follow up letter to Mr L on 18 April 2024 that confirmed the direct debit would be amended and that it can take up to 15 working days for the amendment to be completed. No payment was collected on the next due date of 8 May 2024.

Mr L made a manual payment on 14 May 2024 that covered the payment due on 8 May 2024 and payment set out in Amex's 13 April 2024 statement. As a result, no direct debit was collected on 27 May 2024.

Amex issued a final response on 27 May 2024 and confirmed the late payment fee of £12 and associated interest of £19 has been refunded. Amex also paid Mr L £25 for the inconvenience caused. The missed payment recorded for April 2024 was removed from Mr L's credit file by Amex as well.

On 13 June 2024 Amex issued a statement that said it would collect a direct debit payment of £1,730.54 on 27 June 2024. But when Amex collected the direct debit payment it was returned to Mr L's bank. Mr L made a manual payment to clear the previous statement balance on 1 July 2024. The following direct debit payment of £2,534.98 due on 27 July 2024 was also returned to Mr L's bank and he made a manual payment to cover it on 31 July 2024.

Mr L went on to raise a complaint and Amex issued a final response on 14 August 2024. Amex said it had attempted to collect the June and July 2024 payments by direct debit as instructed but they'd been returned to Mr L's bank at its request. Amex has since advised the direct debit instruction was cancelled by Mr L's bank. Amex confirmed Mr L was then able to update his direct debit instruction and that payments would be collected as directed going forward. Amex didn't uphold Mr L's complaint.

An investigator at this service looked at Mr L's complaint and asked Amex to provide evidence to show why the direct debit payments in June and July 2024 weren't collected as planned. Amex provided systems evidence to show the direct debit instruction was cancelled with Mr L's bank. The investigator wasn't persuaded Amex had made a mistake with Mr L's payments in June and July 2024 and didn't uphold his complaint. Mr L asked to appeal and said that Amex's claim it hadn't done anything wrong was at odds with the fact his payments weren't collected as planned. Mr L said his other direct debits with his bank had all collected as planned and that he remained of the view that the issue was caused by errors from Amex. Mr L also provided a bank statement that showed he had sufficient funds in his

account to cover June 2024's Amex payment. As Mr L asked to appeal, his complaint has been passed to me to make a decision.

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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I can understand Mr L's frustration that direct debits weren't collected smoothly after he amended his bank details earlier in the year. Mr L's direct debit instruction was amended by Amex so it was only going to collect the minimum payment which led to his call on 18 April 2024. Amex went on to amend the direct debit instruction so the full statement balance would be collected, but there wasn't sufficient time for that to take place before the next payment date. Amex ultimately agreed to refund the charge and additional interest Mr L received as a result, remove the missed payment from his credit file and paid him £25 for the inconvenience caused. I'm satisfied that's fair in the circumstances of Mr L's case.

Mr L's May 2024 payment was made manually, including the balance that wasn't collected in April 2024. That means no direct debit attempt was made by Amex on 27 May 2024. The next time Amex attempted to collect a direct debit payment was on 27 June 2024. I can see that the payment request was made and funds initially credited to Mr L's Amex account. But the funds were returned to Mr L's bank. Mr L quickly made a manual payment to clear the balance before the due date. So no missed payments or late fees were incurred. The same issue occurred on 27 July 2024 when the payment was initially collected and credited to Mr L's account but returned to his bank. Again, Mr L quickly made a manual payment before the due date which meant his account didn't fall behind.

Amex has provided systems evidence that shows it received confirmation from Mr L's bank that the direct debit mandate had been cancelled. As a result, whilst it attempted to collect direct debit payments for Mr L as instructed it was unable to do so. I appreciate Mr L's told us that his other direct debits were collected without issue from his bank account. But I'm satisfied that Amex has provided credible systems evidence that shows the direct debit was returned to Mr L's bank on the basis the direct debit mandate had been cancelled. I haven't found evidence that supports the claim Amex's error led to Mr L's direct debit payments being returned in June and July 2024.

I'm sorry to disappoint Mr L but as I'm satisfied Amex fairly resolved the issues that occurred in relation to his April 2024 payment and has explained why the June and July 2024 direct debit payments were made as planned, I'm unable to uphold his complaint.

My final decision

My decision is that I don't uphold Mr L's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 January 2025.

Marco Manente

Ombudsman