

The complaint

Mr M complains that American Express Services Europe Limited (AESEL) reduced his credit card limit.

What happened

Between October and December 2023, Mr M made several transactions to a merchant I'll refer to as V. Mr M spoke to AESEL on 27 December 2023 and discussed these transactions. On the following day, AESEL reduced his credit limit from £30,000 to £16,700, and increased his interest rate. AESEL said its decision involved a thorough review that took into consideration a number of factors, possibly including Mr M's account history, indebtedness with AESEL and other creditors and information within his credit file. Mr M complained to AESEL.

On 6 February 2024, AESEL issued its final response to Mr M's complaint. AESEL said its system had flagged factoring on his account and affiliated him with V. AESEL said it considered a wide range of information when setting credit limits and would need to establish six months of spending and payment history before it can consider an increase.

Mr M wrote to AESEL again on 6 April 2024, saying its final response was confusing. Mr M was subsequently given inconsistent information about this complaint by AESEL's complaints handler. Mr M chased AESEL for a response on 1 and 11 June 2024. AESEL issued a further final response on 19 June 2024. It said there was no mention of factoring during Mr M's call on 27 December 2023, and Mr M was advised that if such transactions continued, he may face "line of credit" decrease in future. AESEL went on to say it occasionally reviews accounts, and several factors are taking into consideration and is not at liberty to discuss the details of its assessment. AESEL accepted Mr M's letters had not been acknowledged and it had given him inconsistent information, so it paid £100 to his credit card account.

Unhappy with this response, Mr M referred his complaint to our service on 4 August 2024. In summary, Mr M said he spoke to AESEL on 27 December 2023 and was told that if he continued to use merchant V, his account limit would be reduced. But his interest rate was increased and his account limit was reduced the next day, despite taking no further action. Mr M said he had explained to AESEL that the transactions to V were not factoring, so he wanted AESEL to apologise for its unfounded allegations. Mr M said AESEL's internal records showed his original complaint as upheld even though it had not offered him any compensation.

One of our Investigators reviewed Mr M's complaint but didn't think it should be upheld. Our Investigator said AESEL had told us it had reviewed Mr M's account and took a decision to reduce his limit, and it was not obliged to provide any further details about its reasons. Whilst it may have seemed like a coincidence Mr M's credit limit was reduced on 28 December 2023, AESEL had confirmed the credit limit decrease was not due to any factoring concerns. Our Investigator thought AESEL was entitled to decrease Mr M's credit limit. Turning to the incorrect information AESEL had recorded about Mr M's complaint, AESEL had acknowledged this and it had not affected Mr M negatively.

In response, Mr M obtained further information from AESEL. There was contradictory information about whether factoring was a reason for the decrease. Mr M highlighted his call with AESEL on 23 February 2024 was not recorded and there were no notes. Mr M said that in this call, he was told factoring was a reason for the limit decrease. Mr M says he was also told on another call that the decrease *could* be down to a review of his credit file, but AESEL *should* be able to tell him the reason. Mr M was very concerned that AESEL did not seem to understand why his limit was reduced and had been economical in its responses to our service.

Mr M added his credit file remained unchanged and he has never withdrawn cash using his account. Mr M thinks it's unlikely one month of a partial payment (more than the minimum) of his outstanding balance would have contributed to the decrease. Mr M was firmly of the opinion factoring was the reason for his credit limit decrease and said the timing of the decrease was not a coincidence. So, this has come to me for 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.

In Mr M's call with AESEL on 27 December 2023, AESEL's representative said they wanted to let him know there should be no payments to a company Mr M had a financial link with and if these payments *continued*, there will be a line of credit decrease. Mr M said this was fine and he had double checked the terms and conditions of his account, and thought the payments were allowed or he would not have made them. Having listened to the call, I can't see that AESEL's representative said anything incorrect. But I also don't think there was an assurance given that the credit limit wouldn't change if the transactions did not continue. And even if the agent had incorrectly given Mr M the impression his limit could not decrease despite not making further transactions to V, it does not mean that we would require AESEL to maintain Mr M's £30,000 credit limit. This is because the correct position Mr M should have been in is to have understood AESEL is entitled to review and amend his credit limit at any point.

Mr M says that on 23 February 2024, he was told by AESEL that factoring was a reason for his credit limit decrease. And it is disappointing there is no record of this call. So, I must consider the evidence available. AESEL has said told our service that factoring was not a reason for the credit limit decrease and it considers many factors when deciding a customer's credit limit. Whilst Mr M is frustrated AESEL has not disclosed its reasons, it ultimately isn't obliged to disclose its full reasoning behind its lending decisions. I have seen no clear evidence of an error in AESEL's decision to amend Mr M's credit limit. But even if I were to conclude factoring was a consideration here, it may be there were other factors taken into consideration, such as whether a customer is using the full credit limit, as one example. And in any event, it is ultimately still a matter for AESEL to decide how much it is prepared to lend to customers and on what terms.

I agree with Mr M that AESEL that it's final response of 6 February 2024 was not clearly worded, and it subsequently provided him with contradictory information. There is no evidence this had a detrimental impact on Mr M's financial situation. AESEL has also accepted its service fell below its expected standards. For this, AESEL paid Mr M £100, which I think reasonably reflects the inconvenience caused by its errors.

I realise my decision will disappoint Mr M, and he will remain of the view that AESEL made an error here. But overall, I have not seen clear evidence that makes me think AESEL's decision of 28 December 2023 to amend the terms on which it was prepared to lend to Mr M

was unreasonable or something it was not entitled to do. So, I have not asked AESEL to amend or pay any compensation for the changes made on 28 December 2023. Mr M remains free to raise any further concerns about his current credit limit with AESEL.

My final decision

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 March 2025.

Victoria Blackwood
Ombudsman