

The complaint

Mr P complains that the credit limit on his British Airways American Express Credit Card provided by American Express Services Europe Limited ("AESEL") was reduced when he applied for a business credit card.

What happened

On 16 April 2024 Mr P applied for a British Airways American Express Accelerating Business Card.

Mr P contacted AESE: to chase up the progress of his application. The agent advised Mr P that his application had been declined due to debt capacity as the eligible line of credit had already been granted on Mr P's personal credit card. The agent further advised Mr P that a line of credit reduction from the personal credit card by 25% from £28,400 to £20,400 might help with the review of the application. Mr P agreed that his credit limit could be reduced as discussed but subsequently discovered that it had been reduced to £8,000.

Mr P complained to AESEL.

In its final response, AESEL acknowledged that it had made an error when it informed Mr P that the credit limit would be reduced by 25% not 75%.

Mr P remained unhappy and complained to this service. He says his personal credit limit hasn't been returned to £28,000 and his application for a business credit card hasn't been approved.

Our investigator upheld the complaint. He said he didn't think AESEL had treated Mr P fairly and said the compensation should be increased to £300 total.

Mr P didn't agree. He said he wanted his personal credit limit reinstated and a business credit card issued. Mr P said he'd been unable to get the credit limit increased on his other cards and his line of credit was worth more to him than compensation.

Because Mr P 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 listened to the call dated 30 April 2024 between Mr P and AESEL. Based on what I've heard, I'm satisfied that the agent made an error when they advised Mr P that the business card application could be reviewed if his personal card credit limit was reduced by £8000 to £20,400. The agent should've advised Mr P that the credit limit would be reduced to £8000 in order to improve his debt capacity and enable the business card application to be reviewed.

AESEL has acknowledged that the agent made an error. It has apologised and has offered

compensation of £200. Mr P isn't happy with this and wants the credit limit on his personal card reinstated and his application for the business card approved.

In relation to the business card, I've reviewed all the calls between Mr P and AESEL. AESEL explained to Mr P that a credit limit reduction would improve his debt capacity, but it didn't guarantee that the review of the business card application would result in approval.

I've looked at the information provided by AESEL, and I can see that Mr P hasn't been accepted for the business card due to the affordability assessment. It's up to AESEL to set its own lending criteria. This service can't require AESEL to approve Mr P's application for the business card.

I understand that Mr P wants his credit limit reinstated. Again, this is something only AESEL can decide based on its lending criteria. I've reviewed the information provide by AESEL and I can see that it isn't willing to increase Mr P's credit limit on his personal card due to the affordability assessment.

Taking everything into account, and whilst I can't require AESEL to approve Mr P's application for a business credit card or increase/reinstate his credit limit, I agree with the investigator that the compensation offered by AESEL doesn't reflect the distress and inconvenience caused to Mr P. Although AESEL is allowed to reduce the credit limit at any time, the reduction in this case was substantial, and different to the reduction indicated to Mr P. AESEL's communications with Mr P about the potential impact of the credit reduction could've been clearer.

In the circumstances I agree with the investigator that an additional sum of £100 compensation should be offered to Mr P.

Putting things right

AESEL should pay further compensation of £100 to Mr P, bringing the total compensation to £300.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 February 2025.

Emma Davy
Ombudsman