

The complaint

Mr S complains about the service he received from American Express Services Europe Limited (“Amex”).

What happened

Mr S says that he had an impeccable credit history until an unjust redundancy impacted him both financially and mentally. He says that, in March 2024, he told Amex about his financial distress and offered evidence of his deteriorating mental health which he says Amex initially declined. Mr S says Amex offered to enrol him in a programme that would have resulted in a default on his credit file and his debt being transferred to a debt collection agency (DCA). He says he declined this offer as he wanted to instead be enrolled in the government’s Breathing Space programme. Nevertheless, he says, Amex moved forward with the cancellation of his credit card, the transfer of his debt to a DCA, and the registration of a delinquency on his credit file. He says he’s also forfeited membership reward points that he had with Amex. He adds that Amex has compounded his financial difficulties and significantly impacted his mental health.

Amex said it gave Mr S a payment break when he first contacted them in March 2024. Following this, in April 2024, it offered Mr S its Regain Programme, which he declined and said he would send documents for further Breathing Space. Amex said that no documents were received and so Mr S’s account was cancelled and transferred to a DCA on 9 May 2024. His points were forfeited as part of that process, as per the terms and conditions. It added that the information it passed to the credit reference agencies was an accurate reflection of Mr S’s account.

Our investigator did not recommend the complaint should be upheld. He found that Amex had agreed a hold on the card but didn’t receive the promised documentation. He said Amex made several contact attempts and didn’t do anything wrong in the lead up to defaulting the account.

Mr S responded to say, in summary, that he believed Amex had violated the Standards of Lending Practice by failing to act appropriately in light of his financial and mental health difficulties. In particular he said:

- The debt should not have been sold;
- His mental health difficulties affected his ability to manage financial matters;
- He turned down the Regain program and vulnerability flag due to the long-term impact on his credit file;
- Amex failed to acknowledge his long-standing record as a loyal customer;
- The action taken was disproportionate.

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 can see Mr S missed his first payment in February 2024 and, following notification of the late payment fee, he called Amex on 13 March 2024. When he explained about his redundancy and the effect on his mental health, Amex agreed to Breathing Space until 5 April 2024 as Mr S said he would know the outcome of his employment tribunal by then. However, Mr S said he did not want the vulnerability flag added to his account.

At this stage, I consider Amex acted fairly in response to Mr S's contact.

I've seen evidence that Amex then tried to contact Mr S around a dozen times with calls, text messages and letters from 5 April, but received no further information until 22 April 2024. At this point Mr S said he wanted further breathing space and would send the necessary documents by the end of the week. He declined Amex's offer of the Regain programme due to the effect it would have on his credit file.

Amex again tried to speak with Mr S, but he made no further payments, provided no documents and did not respond to any of the calls or letters, including those that gave notice of the account closure, debt sale and potential default. Amex also charged no interest on Mr S's account after 3 May 2024.

As Mr S did not make any further payments, I can't conclude Amex made an error by selling his account to a DCA and registering a default on his credit file on 3 August 2024. I've also seen Amex's other credit file entries and I'm satisfied they are an accurate reflection of how the account was managed and so I cannot ask Amex to make any amendments.

As a result, I also cannot say it was unfair that Mr S had to forfeit his membership points as the terms and conditions say:

"You will lose your points if your Card Account is closed by us because you have breached the terms of your Card Account Agreement."

I acknowledge what Mr S says about the Standards of Lending Practice, but Mr S did not want his vulnerability recorded and I note he says his mental health was improving at the beginning of June 2024 and he was also looking for a new job.

I also cannot agree that the actions taken by Amex were disproportionate. I can see Mr S opened his account in May 2023, which was around the same time he lost his job, so I consider Amex's actions would have prevented Mr S getting into further financial difficulties.

That said, I sympathise with the situation in which Mr S found himself, after a significant change in his financial circumstances, especially as he was unsuccessful with his claim against his previous employer. However, I cannot conclude that Amex responded inappropriately in the circumstances and so I cannot ask it to do anything further.

My final decision

My decision is that I do not 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 7 March 2025.

Amanda Williams
Ombudsman