

The complaint

Mr L complains American Express Services Europe Limited (“AESEL”) closed his account without explanation or notice.

What happened

Mr L opened a card account with AESEL in November 2023 which earned cashback on purchases. He was unhappy to learn in June 2024 - after his card was declined and he was initially told he'd be sent a replacement - that AESEL had in fact cancelled the card and ended the agreement with him. He complained and AESEL partially upheld his complaint.

AESEL accepted that when Mr L called it on 21 June 2024, he'd received inconsistent information about his account status and apologised for this. It told Mr L, following a regular review, in line with its obligations under The Financial Conduct Authority's (“FCA”) rules as a responsible lender, a business decision was made to end the agreement. And AESEL referred Mr L to the account terms which allowed he or it to end the agreement without giving any reason.

Mr L was unhappy and referred the matter to this service. He thought the account should be reinstated as AESEL had no justifiable reason to close his account and he didn't think it appropriate for a company to have terms that permit it to close an account without reason. Mr L had three possible interpretations of the situation. Firstly, AESEL had closed the account due to his credit limit having been set at what was now considered an overly generous level. Second that it had confused him with someone else. And thirdly it preferred to retain customers who didn't repay in full each month, as he did, to accrue debt to provide AESEL with additional income.

Our investigator upheld the complaint. He thought that the terms and conditions of the credit agreement allowed both Mr L and AESEL to terminate the agreement without giving a reason. But - other than in the cases of the prescribed scenarios in the terms - AESEL had to give a customer two months' notice of the cancellation. Our investigator didn't find any evidence to suggest any of the listed scenarios applied. Or that Mr L had breached the agreement. So, although he was satisfied AESEL could end the agreement, he thought it should have given Mr L the two months' notice provided for in the terms. In respect of the cashback Mr L had earned by the time the agreement was cancelled he thought AESEL should honour this and refund Mr L the £229.60 cashback along with the annual fee for the card of £25. He thought the amount of distress and inconvenience should be increased from the £30 AESEL had already offered for the inconsistent information, to £100, for the lack of notice and failings overall.

AESEL agreed with our investigator. Mr L remained concerned that no reason for the account cancellation had been given. He reiterated his suspicions of mistaken identity or a business decision to only retain clients who were unable to keep pace with their debt to increase income. And he thought if it were the latter, this service should take the business to task. Mr L raised a DSAR with AESL and asked for his complaint to remain open whilst he gathered information under a DSAR.

The case has been referred 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.

Firstly, I want to set out that the role of this service is to act as an informal dispute resolution service in individual complaints where we have jurisdiction and remit to do so. As our investigator has already covered, the concerns Mr L has expressed about the information AESEL sent following the DSAR are a matter for the Information Commissioners Office, so not something I can look at here. And the more general concerns Mr L has expressed about systemic issues within AESL's business practices and the changes he'd like to see to these are a matter for the regulator, the FCA. So, I won't be commenting on that in this complaint.

In relation to the matters I can look at, having reviewed all the relevant information, I have enough information to form a view on the issues I can consider in this complaint. So, I won't be leaving the matter open as suggested by Mr L. Like our investigator, I've come to the view this complaint should be upheld. I'll explain why.

Our investigator has accurately set out the relevant extracts from the terms and conditions in his view, so I shan't repeat them. The information in these terms satisfy me AESEL are entitled to close this account. As the investigator has pointed out there's no legal right to credit. It's a commercial decision for an individual bank as to who they lend to and on what terms. But there's nothing on the information before me to suggest Mr L triggered any of the scenarios set out in the terms warranting closure without notice. Or that he's breached the agreement. So, although it is entitled to close Mr L's account, I think AESEL were wrong to do so without giving Mr L two months' notice.

In terms of the rationale and information behind the decision, the terms on which a bank lends are a business decision for an individual organisation and not something this service would ordinarily get involved with. Each financial institution will have its own decision making criteria and scoring scheme. I wouldn't expect them to share such information as it's commercially sensitive. AESEL explained in the initial letter what their decision was *based* upon which I think is reasonable. So, I'm not persuaded it's done anything wrong on this point.

I agree with the investigator that the £30 AESEL have already offered to pay for distress and inconvenience here isn't enough. It's not just the misinformation Mr L was given when he called, after the card was declined, about a replacement card being sent when the account had, in fact, been cancelled. I think, there's also the more fundamental issue of failing to give Mr L the required two months' notice under the terms when there was, on the evidence, no reason not to do so. So, I think compensation of £100 is more appropriate and the sort of award I'd have made had it not already been suggested.

For the same reason as the investigator, I also think the cashback accrued should be paid along with a refund of the annual fee Mr L had paid for the account. As our investigator highlighted Mr L paid for a year's use of the account but wasn't provided with that. And, like our investigator, I can't see that any of the reasons listed in the terms for forfeiting of the cashback reward were met. So, I think it's unreasonable to take this away and the cashback should be paid.

I can appreciate Mr L is frustrated with this situation. Given how strongly he feels about this he may wish to pursue his concerns further through different routes. I can see he's already made a DSAR. But, for the reasons I've given above, this matter cannot remain open ended

and my decision is the end of our involvement in this complaint.

Putting things right

AESEL should pay Mr L the cash back earned and the annual fee he paid. In addition, it should also increase the amount of compensation it pays to Mr L to a total of £100.

My final decision

My final decision is that I uphold this complaint. American Express Services Europe Limited should pay Mr L the cashback earned of £229.60, refund the card fee of £25 and pay a total of £100 compensation for the distress and inconvenience Mr L's suffered here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 May 2025.

Annabel O'Sullivan
Ombudsman