

## **The complaint**

Ms C complains that American Express Services Europe Limited (AESEL) suspended her account. She's unhappy that she didn't receive a letter advising her that this would happen and is unhappy about the way in which her account and her subsequent complaint has been handled.

## **What happened**

Ms C holds a Platinum Cashback credit card account with AESEL. The account was in persistent debt since 2021. During 2023 Ms C's direct debit was set up to pay the minimum monthly payment. In January 2024 Ms C increased her direct debit payment to £800, and in May 2024, she increased it to £1000.

On 15 March 2024 AESEL sent a letter to Ms C informing her that it had been writing to her over the last 18 months about increasing the repayments on her account because she had been paying more in interest, fees and charges than from the balance owed. AESEL advised Ms C that because the account had been in persistent debt for 36 months, it was required to take action to assist her in clearing the balance in full within a reasonable period of up to four years. The letter explained that Ms C needed to contact them within 8 weeks and stated that if she did not respond the account would be suspended. The letter set out the two options available to Ms C.

On 24 May 2024 Ms C received a letter from AESEL informing her that her card had been suspended because she hadn't responded to the letter dated 15 March 2024.

Ms C complained to AESEL. She said she received all other communications (statements and payment reminders) from AESEL electronically and hadn't received the letter dated 15 March 2024 which was sent by post. She said that because her card had been suspended, she was unable to access the member benefits for which she had paid a membership fee and a higher level of interest than other credit cards. Ms C said she'd experienced poor customer service when she'd called to discuss the card suspension with a call being disconnected and a return call which she'd been promised not yet received. Ms C said her complaint wasn't about the card suspension but about AESEL not having had regard to the steps she'd taken to reduce her debt and her loss of membership rewards and benefits.

In its final response, AESEL said it had sent reminders to Ms C about persistent debt in line with FCA guidelines. It said it hadn't received a response to the letter dated 15 March 2024. AESEL said it hadn't made any errors in relation to the suspension of the account. It acknowledged that the service experienced by Ms C when she called hadn't met the standards it aimed to provide and paid compensation of £50.

Ms C remained unhappy and brought her complaint to this service. She said she hadn't received the letter dated 15 March 2024. She said she'd paid the minimum payment on time and had increased her payment to more than the minimum payment, but AESEL had disregarded this. Ms C said that her account had been suspended without an objectively justifiable reason.

Our investigator didn't uphold the complaint. He said that AESEL had acted in line with the FCA guidance on persistent debt and hadn't done anything wrong.

Ms C didn't agree. She said she believed that AESEL had acted outside of the FCA rules when it suspended her card as she didn't think there was an objectively justifiable reason for doing so. Ms C also said that she didn't feel that the part of her complaint relating to value for money had been addressed. She said she was paying a higher rate of interest on the card because of the additional benefits afforded to her as a cardholder, none of which she could now access. Ms C said the interest rate should be reduced to reflect her loss of benefits.

Because Ms C 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 know it will disappoint Ms C but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the account, the system notes and the other information provided by both parties. Based on what I've seen, the account has been in persistent debt for 36 months.

Persistent debt is where a consumer is paying more in interest and charges than they have repaid of the amount borrowed. Since September 2018, the FCA has required lenders to contact consumers who are in persistent debt. The relevant rules say that lenders must send a letter after the account has been in persistent debt for 18 months. The letter will explain that increasing your payments will mean you pay back less overall. The letter will suggest that you contact your lender to discuss increasing your payments and will warn that if you stay in persistent debt, the account could be suspended. After 36 months in persistent debt, lenders are required to write to the consumer again to discuss the available options. The rules say that the lender may decide to suspend the account at this stage of there is a good reason for doing so.

I can see that AESEL has sent persistent debt letters to Ms C in line with the rules. Ms C has acknowledged that she was aware of the persistent debt status of her account. Once the account reached 36 months of persistent debt, AESEL sent a letter dated 15 March 2024 with an account suspension warning.

The letter made it clear that the account would be suspended if Ms C didn't contact AESEL within 8 weeks.

It's not in dispute that Ms C didn't contact AESEL within 8 weeks. Ms C has said that this was because she never received the letter.

I've reviewed the letter dated 15 March 2024. This was sent by post to Ms C and is correctly addressed. I can't find any evidence that AESEL made an error when it sent it. I appreciate that Ms C received statements and payment reminders electronically, but the persistent debt letter is a regulatory letter which means that AESEL are required to send it by post. I can't say why Ms C didn't receive the letter, but if the non-receipt was as a result of issue with the

national postal service, this isn't something I can fairly hold AESEL responsible for.

Based on what I've seen, I'm satisfied that AESEL sent the persistent debt letters and suspension warning letter in line with the relevant rules on persistent debt. I'm unable to say that AESEL made an error when it suspended the account, because Ms C failed to respond to the suspension warning letter.

Ms C has made the point that she increased her monthly payments to more than the minimum payment before the account was suspended. However, this didn't change the persistent debt status of the account, because Ms C was still paying more in interest and charges than she was of the amount borrowed.

Ms C has also said that AESEL didn't have a good reason to suspend her account. I've thought about this. The persistent debt rules say that lenders must suspend or cancel cards where a customer doesn't respond to the repayment options proposed within the time limit specified. In this case, Ms C didn't respond to the suspension warning letter or otherwise engage with AESEL and come to an agreement. I'm therefore satisfied that AESEL had a justifiable reason for suspending the account.

Finally, Ms C has referred to the Consumer Duty and getting value for money from the account. She's said that she's no longer able to access the benefits of the account even though she's paid a membership fee. She also says the interest rate on the account is higher because of these benefits. In relation to the membership fee, the information I've seen shows that Ms C was refunded (pro rata) the membership fee she paid last year when the account was suspended. AESEL has confirmed that no further membership fees will be charged. Regarding the interest rate applicable to the card, I haven't seen any evidence to suggest that this is higher than other credit cards because of the specific benefits that come with the card. Ms C agreed to the interest rate (including changes to the interest rate from time to time) when she took out the card.

For the reason I've explained, I'm unable to uphold the complaint.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 27 March 2025.

Emma Davy  
**Ombudsman**