

The complaint

Mr J complains American Express Services Europe Limited (AESEL) mishandled his chargeback claims for goods ordered from an online supplier (which I'll call "S").

What happened

As the parties are already aware of the facts, I've only summarised the key events below.

On around 26 June 2024, Mr J ordered two identical items from S, costing £66.50 each. These amounts were charged to his AESEL credit card on 1 July 2024.

S later told Mr J that the items weren't in stock, and so he shouldn't have been charged. It advised him to contact his card provider to initiate chargebacks for both transactions.

Mr J cancelled his orders and called AESEL on 4 July 2024 to dispute the transactions. He then sent AESEL a chat transcript with S confirming it agreed for chargebacks to be raised, and AESEL raised separate chargeback claims for each transaction.

On 25 July 2024, AESEL posted a letter to Mr J explaining it credited him £66.50 for one claim, but closed his other claim as it thought it was a duplicate claim for the same transaction. On the same day, AESEL also sent Mr J an email confirming there was a duplicate charge. Mr J contacted AESEL soon after, explaining the two claims weren't duplicates as there were two separate transactions. He said AESEL should have realised this from the supporting information he had sent.

AESEL agreed with Mr J and sent him a second email on 25 July 2024 confirming it had applied a further £66.50 credit to his account.

On 27 July 2024, Mr J called AESEL to confirm he could see both credits had been applied online, but couldn't see this reflected on his statement. AESEL reassured him its records show two credits for £66.50 had been correctly applied to his account, resolving the issue.

On 1 August 2024, Mr J called AESEL after receiving a letter dated 25 July 2024 in the post. He said it claimed he made two claims for the same transaction, which made him think the problem was still unresolved. AESEL explained the letter may have been sent around the same time it had reopened the claim [on 25 July 2024], so it doesn't mean his claim had been closed again. But the call handler agreed to make further enquiries.

In AESEL's final response dated 7 August 2024, it accepted it mishandled Mr J's claims. It said it raised both chargebacks under the wrong reason code, and that it also incorrectly raised one as a "duplicate transaction". AESEL paid Mr J £50 compensation for poor service.

Mr J referred his complaint to the Financial Ombudsman Service. Our investigator looked into his complaint, but felt the £50 paid was fair and didn't recommend AESEL do anything further. As Mr J thought the amount of compensation was too low, his complaint has come to me for a decision.

I issued my provisional decision in early February this year. An extract from that provisional decision is set out below, which also form part of this decision.

I've considered all the available evidence and arguments to decide what I feel is fair and reasonable in the circumstances of this complaint. And where I'm uncertain about what happened, my findings are based on what I think most likely happened based on the information I have. I won't be commenting on everything, only what I consider is key. This reflects my role in resolving disputes informally.

At this stage, it's worth noting that the Financial Ombudsman Service is not the regulator, so my role doesn't extend to telling businesses what processes they ought to have in place. However, I would hope AESEL learns from the Financial Ombudsman's final decisions, as well as my comments here, when deciding what processes are appropriate.

I say this with regard to Mr J's concerns that AESEL might not improve their processes. I can see AESEL already said it provided relevant feedback and will try to avoid the same problems reoccurring, but that's as far as I can reasonably say about the matter.

Chargeback process

When someone buys something with their credit card, and something goes wrong, the card issuer can sometimes help them obtain a refund through raising a chargeback on their behalf. There's no obligation for a card issuer to raise a chargeback for a customer – but I'd expect it to do so if a chargeback is likely to succeed.

The chargeback process is run by the relevant card scheme – in this case, that would be American Express. The chargeback scheme is outside the jurisdiction of the Financial Ombudsman Service, so I make no finding on how it's run. But I can consider if AESEL applied the scheme rules correctly and conducted the process fairly.

AESEL accepts it made errors when processing the chargebacks, which Mr J was first alerted to on 25 July 2024. However, both parties accept AESEL remedied those errors on 25 July 2024, and this resulted in Mr J receiving the two temporary credits for £66.50 each he was always meant to receive on this same day. So as far as I can see, the chargeback process was fully back on track and proceeded as it should have from 25 July 2024.

As the parties broadly agree AESEL remedied the errors quickly, I don't feel I need to expand any further on the technicalities of the chargeback process - especially so as Mr J hasn't claimed to have suffered any financial loss.

The crux of Mr J's complaint is about the distress and inconvenience AESEL caused him because of (1) the initial errors and (2) the poor communication from 25 July 2024 onwards relating to whether those errors had been fully remedied. These were the main reasons he referred his complaint for a decision, so that's what I've focused on.

Chargeback claims handling

On 25 July 2024, Mr J became aware one of his claims was incorrectly closed as a duplicate. He called AESEL that day to resolve the issue.

The call handler was polite, and agreed to contact their "back office" to look into the matter. As a result, the second claim was re-opened and a further £66.50 credit was applied to Mr J's account that same day. AESEL also confirmed this in writing. Mr J provided evidence showing he had dealt with a similar issue with AESEL before, involving an incorrectly closed

dispute. So I accept he would have been particularly frustrated by AESEL's more recent mistakes and the time he had to spend resolving them.

Further, it appears AESEL sent Mr J a letter on 25 July 2024 that incorrectly concluded he had a duplicate claim – he received the letter on around 1 August 2024. This appears to have been an automated letter that reconfirmed AESEL's original, incorrect position that it thought he had a duplicate claim. I don't think AESEL were necessarily wrong to send the letter, as it might have been too late stop it going out. But even if that were the case, I would have expected AESEL to warn Mr J that he should ignore the upcoming letter as it contained incorrect information. It didn't, and I think this caused Mr J confusion that led to him calling back on 1 August 2024 for clarification. I've considered this in more detail later.

Mr J called AESEL again on 27 July 2024, confirming he could see both credits had been applied online, but queried whether the statement was showing correct information. The call handler reassured him the information on the statement was correct, and confirmed the two credits relating to the chargebacks had been applied. I understand why Mr J called to make further enquiries, but I don't think AESEL made any error regarding the information it displayed on the statement, or any other error during this call.

On 1 August 2024, Mr J called AESEL again. He mentioned he recently received a letter dated 25 July 2024 that said he had a duplicate claim, but this wasn't the case and AESEL was meant to have resolved the issue. As the wording on the letter was different from previous communication and went into more detail, I think Mr J reasonably thought the issue was still unresolved or had reoccurred. In other words, I think AESEL's failure to warn Mr J to ignore the outdated 25 July 2024 letter caused him to think there were still outstanding errors, and he had to make a further call on 1 August 2024 to clarify the chargebacks had been re-raised correctly. I don't think the call handler did enough to reassure Mr J the problem was resolved, and it wasn't until the 7 August 2024 final response letter that I consider Mr J ought reasonably be satisfied the chargebacks had been re-raised correctly. I've considered the disappointment he would have felt, and the time he spent following up, when deciding what amount of compensation is fair and reasonable.

In summary, I think AESEL acted quickly to ensure the second chargeback claim was raised properly on 25 July 2024. However, I think it should have done more to communicate the resolution clearly, and by not doing so it caused further distress and inconvenience to Mr J. More specifically, Mr J was clearly upset at finding out on 25 July 2024 that one of his chargebacks was raised incorrectly as a "duplicate" and closed down – which I think was exacerbated because he had faced a similar issue in the past. And I think he was further impacted by the 25 July 2024 letter he received on 1 August 2024 that contained wrong information, leading to further upset and another lengthy call. And I don't think the confusion was cleared up until Mr J had sight of the final response letter dated 7 August 2024.

I'm aware Mr J had received more compensation from AESEL for what he considers was a similar issue in the past. He says this sets a precedent for AESEL to give him something similar, and he believes he should be compensated on a "per error" basis. I'm not bound by AESEL's approach to distress and inconvenience payments, and I don't agree that each error comes with its own compensation award. My role is to consider the level of compensation I think is fair and reasonable in all the circumstances, taking into account the overall impact AESEL's errors likely had on Mr J.

Compensation isn't a science, but in deciding what's fair I've considered the guidance on our website and the circumstances here. And after doing so, I think £100 is a fairer reflection of the distress and inconvenience caused to Mr J because of AESEL's service errors, as outlined in detail above.

As AESEL has already paid £50, I'm recommending it pay a further £50.

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.

Mr J didn't respond to my provisional decision by the deadline, and AESEL has accepted my recommendations. As no party raised any objections to what I've said, I see no reason to depart from my provisional findings.

My final decision

My decision is I uphold this complaint and direct American Express Services Europe Limited to pay Mr J an additional £50 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 March 2025.

Alex Watts
Ombudsman