

The complaint

Mr A complains that American Express Services Europe Limited (AESEL) allowed further transactions to debit his account under a continuous payment authority, after he'd reported it as fraudulent.

What happened

In October 2024, Mr A identified transactions that had debited his account for three consecutive months to an online merchant that he wasn't familiar with.

AESEL raised a dispute with the merchant, but when it received a response, it told Mr A that it considered the transactions valid and didn't refund them.

At the same time, AESEL cancelled Mr A's card and sent him a new one bearing a different number. And it told him it would block any further transactions to the same merchant. But further amounts continued to debit each month, despite further replacement cards being issued to him.

Mr A raised concerns with AESEL and as a result, it refunded four months' worth of the disputed transactions, totalling £52. It told Mr A his account had been secured and paid him £100 compensation as an apology for its delayed response to his enquiry.

Mr A referred his complaint to our service in December 2024. At the time, the monthly charge was still being added to his account. Mr A said he was very unhappy with the way AESEL had responded to his complaint and was seeking an apology, a refund of the outstanding disputed transactions, compensation for his wasted time, as well as assurances that it would review its processes with a view to improve.

One of our investigators looked into Mr A's complaint and recommended that AESEL refund the further disputed amounts, as well as pay Mr A a further £75 compensation. He felt AESEL had tried to be as helpful as possible to try and cancel the continuous payment authority (CPA), but accepted it caused Mr A trouble and upset by telling him a block was applied only for further amounts to debit afterwards, which required further follow up from Mr A.

Mr A said he feels trapped in a cycle of reporting the disputed payments, receiving a refund and a replacement card, only for the same thing to happen again the following month.

AESEL didn't agree with our investigator. It said the further refund plus £75 compensation doesn't address the underlying issue of the recurring CPA.

As no agreement could be reached, the complaint has been passed to me to decide.

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.

Having done so, I've reached the same conclusion as our investigator, for similar reasons.

Firstly, I think it's important to note that Mr A himself has now been able to cancel the CPA with the merchant directly. I'm pleased this issue has now been resolved. Mr A has shown us screenshots of the process he went through to do this, including one showing the merchant held an account with his personal email address. In the 'billing and plans' section, it showed his payment method as his initial card held with AESEL, which he was able to successfully remove.

Our investigator has already pointed out that CPAs can sometimes be difficult for a card provider to stop. It's widely known across the industry that simply cancelling the card linked to the CPA will not necessarily prevent further transactions under the same authority – because the authority was set up when the card was active. AESEL's internal notes suggest that at least some of the members of staff looking into Mr A's dispute were aware of this, as there was a suggestion of offering Mr A a new account to stop further monthly amounts from debiting. But I've seen no evidence that this was clearly explained to Mr A, or that he was told it would be helpful if he contacted the merchant directly. Which is what our investigator suggested Mr A do after realising it held his genuine email address.

Having said that, from what I've seen I do think AESEL was trying to be as helpful as possible with its dealings with Mr A. Although I can appreciate why Mr A will disagree – considering he was told his account was secure and that a 'block' would be applied to the merchant for any future transactions under the CPA, without success.

Our investigator recommended that AESEL refunds the outstanding disputed transactions taken under the CPA. The regulations relevant to this case say that generally speaking, a payment service provider is entitled to hold a customer liable for authorised transactions, and the payment service provider is liable for unauthorised ones. And I've taken that into account when deciding what is fair and reasonable in this case.

I realise AESEL initially believed the transactions were 'valid,' indicating that it believed they'd been authorised by Mr A. It's questionable as to how it was able to obtain his email address and the initial card number in the first place, and Mr A himself has told us that the merchant held a photograph of him in connection to a railcard application. So, it seems highly likely to me that Mr A clicked on something in the past without realising he was entering his card details into a CPA. After all, if a fraudster had obtained his card details, I'd find it very unusual that they would only sign up for a £13 monthly subscription without doing anything else with them (as well as providing his correct email address to the merchant, and a photograph too). But, in those circumstances, AESEL would need to provide evidence that the merchant made it clear that Mr A was entering his card details into a CPA in order to hold him liable for the monthly amounts, and I've seen nothing from AESEL to show that this was the case here.

Therefore, I agree with our investigator that AESEL should refund all transactions that debited Mr A's account to this merchant, as I've nothing to evidence that the CPA was authorised by Mr A. And, as soon as Mr A reported them as fraud to AESEL, any subsequent amounts would be considered unauthorised by him anyway.

I know AESEL has already paid Mr A £100 compensation to apologise for the delay in dealing with his concerns. Our investigator has recommended an additional £75 in view of the overall issues Mr A experienced when attempting to cancel the CPA with AESEL. Mr A, in his communications with our investigator, has suggested that he feels a much higher amount is warranted for the time he spent trying to resolve this issue. Whilst I appreciate Mr A would've experienced trouble and upset over several months, because of the further CPA transactions, I find £175 total compensation is a reasonable sum to cover the impact caused

to Mr A. This amount is in line with our services approach to such awards, and I find it fair in the circumstances of this complaint.

Putting things right

My final decision is that I require American Express Services Europe Limited to:

- Refund all outstanding amounts that debited Mr A's account under the disputed continuous payment authority.
- Re-work Mr A's account as if the disputed transactions had never occurred. This includes any interest and/or charges applied to the account as a result of the disputed transactions.
- Pay Mr A £175 total compensation.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 December 2025.

Lorna Wall
Ombudsman