

The complaint

Mr N complains that American Express Services Europe Limited (Amex) reduced his credit limit and that resulted in him going over the limit. He also says they wrongly reported his account status to the Credit Reference Agencies (CRA's).

What happened

Mr N has a credit card with Amex. On 28 September 2024 Amex reduced his credit limit from £14,300 to £13,200. That meant that after interest had been added his account was over limit. Mr N is upset about the reporting of that to the CRA's.

Mr N also complained that although he cleared his entire balance on 19 October 2024 Amex hadn't informed the CRA's of that.

Our investigator thought Amex had been unreasonable to reduce the credit limit and he suggested they pay Mr N £100 in compensation. He didn't, however, think there was evidence they had made inaccurate reports to the CRA's. He noted that there was still a small balance showing on the November 2024 statement and having reviewed screen shots of what Amex had reported to the CRA's he didn't think they'd done anything wrong.

Mr N didn't think £100 was sufficient compensation and wanted the interest charge refunded for October 2024 when the business reduced his credit limit. He also thought reporting to the CRA's had been inaccurate and he asked for a final decision by an ombudsman.

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 Mr N, but I agree with our investigator's opinion. I'm upholding this complaint in part; I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any 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.

The credit limit increase

Amex are entitled to reduce the credit limit on the account, and they don't have to give notice of that reduction, but we'd expect them to consider the impact that such a change would have.

Mr N's September 2024 statement, which was issued before the credit limit reduction,

showed his balance to be £13,608.50. I think it should have been clear to Amex that after a payment was made towards the balance and interest was added, the balance in October 2024 was likely to exceed the £13,200 that Amex reduced the limit to; I don't think that was reasonable. So, I think Amex should compensate Mr N for the distress and inconvenience caused and refund any charges Mr N may have incurred for going over that limit. I think £100 is sufficient compensation to cover the distress and inconvenience but having reviewed Mr N's subsequent statements I can't see that any over limit fees have been charged; unlike some other cards I don't think Amex charge any. The interest accrued has been fairly applied and I don't see reason to tell Amex to waive that in respect of this complaint.

The credit file will have shown that Mr N was slightly over his credit limit in October 2024. I don't think that will have been likely to have had a significant impact on his ability to obtain credit. I've not seen evidence that Mr N was refused credit as a direct consequence of that reporting. Overall, I'm asking Amex to pay Mr N £100 in compensation, but no more.

The CRA reporting

Amex have shared screen shots of the reports they made to the CRA's. The balance on Mr N's account was first reduced to zero on his December 2024 statement and Mr N has explained that the balance showed as zero on his credit file from late January 2025. Changes will typically reflect on a credit report within 4-6 weeks so I can't see there was anything wrong with Amex's credit file reporting.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell American Express Services Europe Limited to pay Mr N £100 in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 5 May 2025.

Phillip McMahon
Ombudsman