

## **The complaint**

Miss F complains that American Express Services Europe Limited (Amex) irresponsibly lent to her.

## **What happened**

Miss F was accepted for an Amex credit card in January 2020 with a credit limit of £8,000. The credit limit was increased to £12,000 in July 2021. The credit limit was increased for a final time to £16,000 in April 2022. Miss F says Amex irresponsibly lent to her.

Miss F made a complaint to Amex, who partially upheld her complaint. They said that although the credit limit was correctly assessed when the account was opened, the subsequent information taken into consideration wasn't sufficient to support the higher credit limits they approved. Miss F brought her complaint to our service.

Our investigator did not uphold Miss F's complaint. She said that she didn't think Amex had done anything wrong by providing the £8,000 credit limit.

Miss F asked for an ombudsman to review her complaint. She made a number of points. In summary, she said if she had used the full £8,000 credit limit, considering the interest charged, she didn't think she would have been able to repay the balance in a reasonable period of time.

Miss F said adding the £8,000 credit to her existing debt would have increased her debt to income ratio over her declared gross annual salary, which should have alerted Amex that the lending was irresponsible. Miss F said her average balance on her main bank account was overdrawn by £1,627.83, and it was clear she'd been overdrawn for a prolonged period of time.

## **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'm aware that I've only summarised Miss F's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Miss F, Amex needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Amex have done and whether I'm persuaded these checks were proportionate.

Amex said they completed a credit check with a Credit Reference Agency (CRA) and they considered information that Miss F had provided them before approving her application. The information showed that Miss F declared a gross annual income of £26,000.

Amex also received information from a CRA about the level of unsecured debt Miss F had. The CRA informed Amex that Miss F had £3,104 of credit card debt, and £2,904 of active unsecured lending. I note that Miss F has said that the £8,000 credit limit if added to her existing debt would exceed her declared gross annual income, however, based on what the CRA reported to Amex, it would appear her unsecured debt would be £3,104 + £2,904 + £8,000 = £14,008, which would be around 54% of her declared gross annual income.

That's not to say I dispute what Miss F has told us. A possible reason for the difference of unsecured debt is if a lender doesn't report her account information to all of the different CRA's. If this is what happened here, then I can't hold Amex responsible for actions external lenders have taken. I'm persuaded Amex were fair to consider the actual information that the CRA provided them.

Due to the time that's passed, Amex haven't been able to provide me with all of the details of their initial checks. But due to the credit limit being almost a third of Miss F's declared income, and her already having over £6,000 of active unsecured debt, then I'm persuaded that Amex should have completed further checks to ensure that the lending was affordable and sustainable for her.

There's no set way of how Amex should have made further proportionate checks. One of the things they could have done was to contact Miss F to find out if the repayments would be affordable and sustainable for her. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

Miss F has provided bank statements leading up to this lending decision. Although Miss F has referenced her overdrawn balance in January 2020, I'm not persuaded that her January 2020 statement would have been produced prior to the Amex card being approved. But the statements that I have viewed leading up to this lending decision shows Miss F uses her arranged overdraft every day of the three statements I viewed.

But using an overdraft in its own right does not automatically mean that Miss F couldn't make affordable and sustainable repayments for a £8,000 credit limit. I say this because Miss F had disposable income to make non-essential purchases as shown on her statements. But I couldn't locate any household bills on Miss F's statements, so I asked her how she paid for these, or if they weren't applicable. Miss F confirmed she was living with parents at the time (so she didn't pay these household bills).

Miss F's bank statements show that she transferred money to an external bank account, and they also appear to show that Miss F transferred money to another bank account in her name. For example, when she received her salary on 15 October 2019, she made two transfers totalling £500 to an account in her name, and she also made a payment to an external bank on the same day for £100.

So to get a fuller picture of Miss F's financial situation leading up to this lending decision, I asked her if she could provide any other statements she was named on. Miss F confirmed she would send me these statements. But Miss F didn't provide these by the deadline given, even though I extended the deadline for her.

So on the face of it, it does look like Amex should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Amex should've done more checks here – I can't say whether further checks would've

revealed further information which means they wouldn't have lent. So as Miss F hasn't provided me with the information she was asked for, that means that it wouldn't be fair for me to say that Amex shouldn't have lent here, because I don't know what further checks would reveal.

As Amex have upheld Miss F's complaint for the further lending decisions they made, and the redress was in line with what I would have asked them to do if I had investigated this part of the complaint, I have not investigated these lending decisions.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress Amex has suggested they pay results in fair compensation for Miss F in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 15 October 2025.

Gregory Sloanes  
**Ombudsman**