

## **The complaint**

Mr E complains that American Express Services Europe Limited (Amex) lent irresponsibly when it approved his credit card application.

## **What happened**

Mr E applied for an Amex credit card in April 2022. In his application, Mr E gave an income of £37,000 a year. Amex has explained it used a service provided by the credit reference agencies to verify Mr E's declared income (CATO). Amex applied estimates for Mr E's regular outgoings. In addition, Amex says it carried out a credit search and found Mr E had a loan with a balance of £9,922 and monthly repayments of £260 and a credit card with an outstanding balance of £2,084. No other debts were noted on the credit file results Amex obtained during the application process.

Amex applied its lending criteria to Mr E's application and approved it, issuing a credit card with a limit of £10,000. Mr E went on to use the credit card. In August 2022, Amex took the decision to reduce the credit limit to £1,400. Mr E's made monthly repayments since this time and continued to use the credit card.

Last year, Mr E complained that Amex lent irresponsibly and it issued a final response. Amex said it had carried out the relevant lending checks before approving Mr E's application and didn't agree it lent irresponsibly.

Mr E referred his complaint to this service and it was passed to an investigator. They thought the level and nature of checks Amex completed were reasonable and proportionate to the amount and type of credit it went on to approve. The investigator didn't think the decision to approve Mr E's application was unreasonable and didn't agree it lent irresponsibly. Mr E asked to appeal and highlighted discrepancies with the debts Amex found when looking at his credit file on application. Mr E also pointed out that Amex had reduced his credit limit a few months after approving his application indicating it realised the original decision to approve his application wasn't right. As Mr E asked to appeal, his complaint has been passed to me to make a decision.

## **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.

Before agreeing to lend, the rules say Amex had to complete reasonable and proportionate checks to ensure Mr E could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and

- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I can see there's been a lot of discussion between Mr E and the investigator concerning the credit file result Amex obtained when looking at his application. Mr E sent us a full copy of his credit file and I agree that there are accounts and debts showing on it that weren't on the information Amex obtained during the application. But Amex has provided a copy of the credit file results it obtained from the credit reference agencies when Mr E applied and I can only see a loan and a credit card with outstanding balances on them, as set out above.

Amex has confirmed that after the application was approved and credit card became active it started receiving updates from the credit reference agencies for "customer management" purposes. Amex says that the discrepancy in the information provided is due to the credit reference agencies use of different matching logic at the application stage when compared to the customer management stage. Amex says this can lead to variations in the data reported and, in some cases, accounts that weren't originally shown being recorded. As a result, it does appear to me that some of Mr E's debts weren't originally included in the information Amex obtained when looking at his application.

I understand this will feel unsatisfactory to Mr E but I have to base my decision on the information Amex had available when it made the decision to lend. And I'm satisfied Amex has provided us with a copy of the credit file results it obtained in April 2022 when Mr E made his application. So whilst I accept there were differences, I'm satisfied Amex was acting on the basis of the information it found on Mr E's credit file when looking at his application in April 2022.

During the application process, Amex found a loan with a balance of £9,922 and repayments of £260 plus a credit card with an outstanding balance of £2,084. Amex also used CATO to verify the level of income being paid into Mr E's current account each month in order to check the figure recorded in the application. The CATO response confirmed Mr E's declared income of £37,000 was accurate so I'm satisfied that was a reasonable figure for it to use.

I can also see that Amex applied estimates for Mr E's regular outgoings when considering his application. That's an approach Amex is allowed to take under the relevant lending rules. Ultimately, Amex found Mr E had sufficient disposable income to be able to sustainably afford repayments to a credit card with a limit of £10,000.

I've looked at the information Amex used when assessing Mr E's circumstances and am satisfied it completed reasonable and proportionate checks. I haven't seen anything that would've indicated to Amex that Mr E was struggling financially or already overcommitted. In my view, the nature and level of checks completed by Amex were reasonable and proportionate to the amount and type of credit it went on to approve. And I think the decision to approve Mr E's application and issue a credit card with a limit of £10,000 was reasonable based on the information Amex found. I'm very sorry to disappoint Mr E but I haven't been persuaded Amex lent irresponsibly or treated him unfairly.

I understand Amex quickly took the decision to reduce Mr E's credit limit. Amex says it took Mr E's account use and fact he was making minimum payments in the initial months into account. And Amex has also confirmed that the information reported on Mr E's credit file may've updated and impacted its decision to reduce the credit limit. Ultimately, Amex is free

to change a credit limit to ensure it continues to lend responsibly. I'm sorry to disappoint Mr E but I haven't been persuaded Amex acted unfairly when it reduced the credit limit.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Amex lent irresponsibly to Mr E or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mr E's complaint.

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

Marco Manente  
**Ombudsman**