

## **The complaint**

Mr T complains that American Express Services Europe Limited (Amex) irresponsibly provided him with a credit card.

## **What happened**

Amex provided Mr T with a credit card for £10,000 in January 2022. Amex says the limit was reduced to £5,700 in December 2023.

In summary, Mr T says he had recently finished university and had lots of outstanding debt at the time. He says the limit was very high for someone in his circumstances and he's found the lending to be unaffordable. Mr T also says that a full assessment wasn't carried out upon application.

Amex reviewed the complaint but didn't uphold it. In summary, it said it carried out comprehensive checks before lending to ensure the limit provided was affordable.

Mr T remained unhappy and brought his complaint to this service. An Investigator here reviewed matters and thought Amex ought to have carried out further checks into Mr T's circumstances before lending. However, he thought these checks would have revealed that the lending was likely to be affordable.

Mr T disagreed with the opinion. In summary, and amongst other points, he said he was in his overdraft for some time, he'd only recently begun a graduate job and was in his probationary period, the limit was too high given his earnings, and he had other credit at the time.

Overall, an agreement hasn't been reached. So, the case 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.

A number of issues have been raised in relation to this complaint, however this decision will focus on what I consider to be the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

The rules and regulations in place at the time Amex provided Mr T with credit required it to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Amex had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr T. In

other words, it wasn't enough for Amex to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr T.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Amex did what it needed to before lending to Mr T.

Before lending, Amex recorded Mr T's gross annual income as £34,500. In terms of Mr T's credit picture, it recorded that he had £2,348 worth of active credit card balances, no unsecured loan balances and an average monthly utilisation of 21%.

I don't think the checks carried out here were proportionate. Given the amount Amex was proposing to lend Mr T, I think it ought to have understood more about his committed expenditure before lending. However, it's important to explain that just because I don't think Amex carried out proportionate checks, it doesn't mean that the complaint ought to be upheld. I'd need to be satisfied that proportionate checks would have revealed that the lending was likely to be unaffordable for Mr T. So, I've gone on to consider this next.

Mr T has provided this service with copies of his bank statements in the months leading up to the lending decision. To be clear, I'm not saying Amex needed to review Mr T's statements, it just needed to understand more about his circumstances which it could have done in a variety of ways. However, reviewing bank statements is an easy way for this service to retrospectively piece together what Amex would have likely found had it asked Mr T more about his committed expenditure.

I've reviewed Mr T's statements in the months surrounding when the lending decision was made. I've also thought about what Mr T told us about his expenditure at the time. The expenditure visible on the bank statements isn't identical in each month, though I wouldn't necessarily expect it to be. However, having looked across the whole picture, and taking into account Mr T's committed expenditure at the time, and what Amex would have likely found out had it completed further checks, I think these checks would have revealed that the lending was likely to have been affordable for him.

I appreciate Mr T says he was using his overdraft at the time, and I accept that the bank statements he's provided show this. However, as outlined above, whilst reviewing the statements for this service is an easy way to piece together what further checks would have likely shown, I don't think Amex needed to review Mr T's bank statements. It could have understood more about his committed expenditure in a variety of ways, and so I'm not persuaded that it would have necessarily been aware of Mr T's overdraft usage. Again, that isn't a failing on the part of Amex.

I've also considered Mr T's point that he recently graduated, and so Amex ought to have taken this into consideration before lending to him. However, Amex recorded that Mr T was employed with a gross annual income of £34,500. I'm not persuaded that proportionate checks would have necessarily revealed that Mr T was in his probationary period, or that he had recently graduated.

I've also considered Mr T's point that he had outstanding debt already at the time the card was provided. However, even if Amex did have concerns about whether Mr T could afford the limit alongside his existing debt, I'd have expected it to understand more about his

committed expenditure before lending. And, as outlined, I think this would have revealed that the lending was likely to be affordable.

Therefore, for the reasons I've explained, I can't fairly say that Amex acted unfairly or unreasonably here in its decision to provide Mr T with the credit card. It follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Amex of its obligations to exercise forbearance moving forward. I would certainly encourage Mr T to keep in regular contact with Amex about any difficulties he's facing.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Amex lent irresponsibly to Mr T or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 July 2025.

Hana Yousef  
**Ombudsman**