

## **The complaint**

Mr K complains American Express Services Europe Limited (Amex) failed to carry out sufficient financial checks before it provided two credit card accounts to him.

## **What happened**

Mr K says he applied for two different types of credit card accounts with Amex in September 2019 with limits of £12,000 and £8,000 approved respectively, at a time when he already had high levels of committed external debt with regular cash advances evident.

Mr K says Amex failed to carry out a reasonable level of affordability checks before it provided the two credit card accounts and this has contributed to his financial problems and he is now in a debt management plan.

Mr K would like Amex to refund all interest and charges along with 8% simple interest and remove any adverse entries from his credit file relating to those credit card accounts.

Amex says it is a responsible lender and follows internal guidelines and procedures. Amex says it used data provided by a credit reference agency (CRA) and its own internal affordability modelling and these credit reviews were carried out responsibly.

Mr K wasn't happy with Amex's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders need to complete but these must be borrower focused, taking into account the type of lending, cost, amount and duration.

The investigator says from the information he had seen, before Amex approved the two credit card accounts, it reviewed the information declared in Mr K's application forms, data from a trusted CRA and used its own internal affordability modelling. The investigator felt the checks Amex carried out were reasonable and proportionate.

As far as Amex's decision to lend was concerned, the investigator says it had obtained information from a CRA which showed Mr K had an excellent credit score - suggesting a lower level of credit risk. The investigator went on to say Amex had shown it had verified Mr K's income from external sources and his external debt at the time of application was around £6,000 and this met Amex's acceptable debt capacity levels. The investigator felt from the information he had seen, there were no significant markers of financial instability and the borrowing looked affordable.

Mr K didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Mr K is experiencing financial difficulties and that must be a source of worry to him. When looking at this complaint I will consider if Amex acted irresponsibly when it provided Mr K with two credit card accounts in September 2019.

Mr K feels Amex failed to carry out sufficient financial checks before it approved the two credit card accounts and if it had, it would have seen the borrowing was unaffordable and he was already over indebted.

While I understand the points Mr K makes here, I'm not fully persuaded by his argument and I will go on to explain why.

The first thing to say here is that there are not set list of checks lenders like Amex must undertake before providing credit to its customers, but these should be borrower focused taking into account the type, term and amount of any borrowing approved.

Here from the information provided to this service, I can see Amex carried out a credit assessment using information declared within Mr K's credit card applications, information from a respected CRA and carried out its own affordability modelling.

I can see from this data that Mr K declared an annual income of £45,000 which Amex used to determine his net disposable income (NDI), backed up by income verification from the CRA, allowing for a high percentage for non-discretionary outgoings. This revealed that Mr K's NDI was more than sufficient to meet the new credit card borrowing.

I can also see from the data Amex relied on at that time in September 2019, the CRA information for the 12 months prior to Mr K's credit card applications, showed a steady reduction of his outstanding debt from around £12,500 to circa £6,500 - a mixture of credit card and hire purchase borrowing. This would indicate that Mr K was handling his finances well at that time, taking into account additionally there was no record of any missed payments, defaults or any reportable issues.

From the information I have seen, Mr K also had a strong credit score reported by the CRA, so it's reasonable to say this shows Mr K up until that point, had met his existing credit commitments and run his financial affairs well.

It's also worth mentioning the second credit card "reward" style account wasn't utilised for a period of six months from its opening, which suggests Mr K wasn't reliant on this in any way to supplement his outgoings at that time.

While Mr K has suggested his level of indebtedness and other external account activity differs from what Amex have said, I've not seen anything from either party to suggest this was the case. In these circumstances I have to rely upon the information available to me and what Amex would have seen, and based its lending decision on, in September 2019.

So what I have to consider here, is based on the financial information available to Amex before it approved the two credit card account limits of £12,000 and £8,000 respectively in 2019, was there any reason for it to request additional financial information to support its decision to lend. But on balance, for the reasons I have already mentioned, I'm satisfied that wasn't necessary here. Afterall, Mr K from what I have seen, managed his finances well prior to the new credit cards being approved by Amex and the affordability modelling it had undertaken suggested this new borrowing was affordable.

So with that in mind, I can't say Amex acted irresponsibly when it provided the credit card accounts when it did.

I've also considered whether Amex acted unfairly or unreasonably in some other way given what Mr K has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr K will be disappointed with my decision, I won't be asking anymore of Amex here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 September 2025.

Barry White  
**Ombudsman**