

## **The complaint**

Mr C complains American Express Services Europe Limited (Amex) failed to carry out appropriate financial checks before it approved a credit card account for him.

## **What happened**

Mr C says Amex approved a credit card account for him in October 2020 with a credit limit of £1,000, although at that time he had other debt outstanding, which Amex should have seen if it had completed more thorough financial checks. Mr C says if it had it would have seen further borrowing was unaffordable.

Mr C wants Amex to refund all interest and charges along with 8% simple interest and to remove any adverse data from his credit file.

Amex says before it approved the credit card account it carried out affordability modelling using information provided from credit reference agencies (CRA's) and the information declared on Mr C's credit application. Amex says its modelling showed the new debt was affordable, allowing for his existing committed expenditure and other credit commitments.

Mr C 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 pointed out there were no set list of checks lenders like Amex must undertake before approving credit facilities but these should be borrower focused.

The investigator felt Amex had carried out reasonable and proportionate checks before it approved the credit card account having allowed for existing debt commitments and essential expenditure. The investigator concluded that based on Mr C's declared annual income and estimated expenditure, the new borrowing was affordable.

Mr C 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 hear Mr C is experiencing financial problems and that must be a source of worry for him.

When looking at this complaint I will consider if Amex failed to carry out reasonable and proportionate financial checks before it approved the credit card account for Mr C in October 2020.

Mr C's complaint centres around his view that Amex hadn't carried out sufficient financial checks before it approved the £1,000 credit card account in October 2020, and if it had it would have seen he was already over indebted. While I understand the points Mr C makes here, I'm not fully persuaded by his argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Amex must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Amex what those checks must consist of, or from what sources those checks should come from.

Here I can see Amex, alongside the information Mr C declared in his application, also obtained data from recognised CRA's which showed at the time of the application there were no obvious signs of financial stress. I can see Amex used industry standard modelling when coming to a net disposable income for Mr C, allowing 60% of his income for essential expenditure and additionally also calculated the costs of his existing external debt, which was around £280 per month. So taking this into account I'm satisfied this allowed for more than sufficient net disposable income for Mr C to meet the new credit commitment.

There has been some confusion here as the investigator had assumed the annual debt servicing calculated by Amex was the total debt figure, when in fact Amex had taken into account a loan of around £8,000 as part of the debt servicing costs. So with that in mind I am satisfied Amex had carried out a reasonable and proportionate level of financial checks to satisfy itself the new borrowing was affordable.

Afterall, this was a fairly modest level of credit approved and so I wouldn't expect Amex to carry out the same level of financial due diligence one might expect to see for say a long term committed loan.

It's also fair to say at the time of the application in October 2020, from the information I have seen, there were no signs of Mr C defaulting on any of his existing credit facilities, or any other signs he was struggling financially, that seemed to have come to a head in 2023 some years after the credit card was approved.

So overall, I'm satisfied Amex carried out reasonable and proportionate checks before it approved the credit card for Mr C and its affordability modelling showed the borrowing looked affordable and sustainable.

I've also considered whether Amex acted unfairly or unreasonably in some other way given what Mr C 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 C will be disappointed with my decision, I won't be asking anymore of Amex.

### **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 C to accept or reject my decision before 21 October 2025.

Barry White  
**Ombudsman**