

The complaint

Mr M is unhappy that American Express Services Europe Limited (“AmEx”) reduced the credit limits on his accounts without notice or explanation.

What happened

On 31 August 2024, AmEx reduced the credit limits on Mr M’s two AmEx accounts. AmEx also sent an email notification to Mr M that same day, advising him of the credit limit reductions.

In April 2025, Mr M took his account balances over the reduced credit limits and incurred over-limit fees as a result. Mr M wasn’t happy about this, as he wasn’t aware that his credit limits had been reduced and didn’t feel that there was any fair reason why they should have been reduced. So, he raised a complaint.

AmEx responded to Mr M but didn’t feel that they’d done anything wrong by administering his accounts as they had, including in reducing his credit limits. Mr M didn’t agree, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that AmEx had acted unfairly as Mr M contended and didn’t uphold the complaint. Mr M didn’t accept the view of this complaint put forward by our investigator, so the matter was escalated 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 note that Mr M has made several arguments in support of this complaint that are of a regulatory or legal nature. I’d therefore like to begin by confirming that this service isn’t a regulatory body or a Court of Law and doesn’t operate as such. This means that it isn’t within my remit here to declare that AmEx have or haven’t acted in a non-regulatory or unlawful way.

Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the circumstances and factors of a complaint into consideration.

I also note that Mr M has made several detailed submissions to this service regarding his complaint. I’d like to thank Mr M for these submissions, and I hope that he doesn’t consider it a discourtesy that I won’t be responding in similar detail here. Instead, I’ve focussed on what I consider to be the key aspects of this complaint, in line with this service’s role as an informal dispute resolution service.

This means that if Mr M notes that I haven't addressed a specific point that he's raised, it shouldn't be taken from this that I haven't considered that point. I can confirm that I've read and considered all the submissions provided by both Mr M and AmEx. Accordingly, I also confirm that if Mr M notes that I haven't responded to a specific point that he's raised, I have considered that point, but I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr M is unhappy that AmEx reduced the credit limits on his accounts. It's therefore important to note that a credit limit isn't a 'right' that a consumer has. Instead, a credit limit is provided solely at the discretion of the credit provider. And the terms and conditions of a credit account generally include (and in this instance, did include) that the credit provider can reduce a credit limit on an account, if they see fit to do so.

In this case, AmEx did see fit to reduce the credit limits on Mr M's accounts, and they did so with immediate effect on 31 August 2024. AmEx's making this decision doesn't seem unfair or unreasonable to me, given their right to do so, and given that credit limits are provided solely at the discretion of credit providers, as explained above.

Mr M is unhappy that he wasn't given any advance notice of the reductions. But when a credit limit is being reduced, it's often the case that a credit provider won't provide advance notice of the reduction. This is because if they did so, it could potentially allow the account holder to undertake further spending and take the balance of the account beyond what the credit limit was being reduced to, so that when the reduction is applied that account is immediately over-limit and incurs charges as a result. Accordingly, I don't feel that AmEx have acted unfairly in this regard.

Mr M is also unhappy at the timing of the credit limit reductions on 31 August 2024, which he says took place three days before he was due to travel internationally, and which left him with less than £100 available credit across both accounts which meant that he had to incur alternative debt to manage his trip.

I can appreciate how this would have been inconvenient and frustrating for Mr M. However, as explained above, I don't feel that AmEx acted unfairly in reducing the credit limits on his accounts. AmEx wouldn't have been aware of Mr M's upcoming travel plans, or reasonably have been expected to have taken them into consideration when making their decision. As such, I feel that any trouble that Mr M incurred because of the timing of the credit limit reductions was unfortunate, but not unfair.

Mr M has said that AmEx told him that if he made a payment of £2,500 to one of his accounts, that he could have his credit limit restored, which Mr M feels was coercive. I've reviewed the credit limit notifications that AmEx sent to Mr M, and these include a section entitled 'how to restore your credit limit'. This section gives four potential options, the first of which is as follows:

"If you meet certain criteria, you would be able to make a payment towards your balance to have your credit limit restored. We want to ensure that any payments are affordable, so please be aware that some accounts will not be eligible for this option."

This confirms that AmEx would consider restoring a credit limit if a large payment was made to the account. This doesn't seem unreasonable to me. I say this because a credit limit reduction is a risk-assessment measure, and the making of a large payment demonstrates an ability to pay that mitigates against perceived risk. As such, I don't feel that AmEx were attempting to coerce Mr M, as he feels was the case, but were instead providing Mr M with the opportunity to change AmEx's perception of risk regarding him via one of several options available to him.

Mr M has also said that because he wasn't notified about the credit limit reductions, interest that was applied to his accounts took them over the credit limit. But Mr M has confirmed that he was aware of the credit limit reductions three days after they took place, in that they affected his plans for overseas travel which took place at that time. And Mr M's accounts didn't exceed the reduced credit limits until over six months after the credit limits were reduced and after he became aware of those reductions.

If it was the case that six months after the credit limits were reduced that Mr M wasn't aware of those reductions, then I feel that given Mr M's responsibilities to have monitored and understood his accounts, he reasonably should have been aware of those reductions at that time. As such, if AmEx have made reports to the credit reference agencies that Mr M exceeded his agreed credit limits, I wouldn't consider these reports to be unfair.

Finally, Mr M is unhappy that when AmEx investigated his complaint, they only considered one of his accounts. But this service's remit doesn't extend to complaints about how a business has handled a complaint. Furthermore, this service has considered both of Mr M's accounts, and so any mistake that AmEx may have made in this regard hasn't impacted the review undertaken by this service.

All of which means that I don't feel that AmEx have treated Mr M unfairly here as he feels is the case, and it follows from this that I won't be upholding this complaint or instructing AmEx to take any further or alternative action. I realise this won't be the outcome that Mr M was wanting, but I trust that he'll understand, given all that I've explained, why I've made the final decision that I have

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 M to accept or reject my decision before 6 October 2025.

Paul Cooper
Ombudsman