

The complaint

Mr A complains about American Express Services Europe Limited (AESEL) incorrectly and unfairly charging him for a reversed transaction after he closed his account with them. Also, about the poor service they provided.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A describes himself as vulnerable as he experiences severe anxiety.

There are two strands to Mr A's complaint.

Strand 1

Mr A closed his AESEL credit card account around June 2023 with what he thought was a zero balance. This followed him reporting multiple instances of fraudulent transactions on his account at the start of 2023 and, after an investigation lasting several months, AESEL crediting his account for fraudulent transactions in May 2023. One of these fraudulent transactions was for £315.94.

AESEL say that in March 2024, after Mr A had closed his account with them, they noticed that they'd made a duplication error – crediting Mr A's card twice for £315.94. This error meant Mr A's account had been overly credited by £315.94 and they had closed his account without receiving sufficient payment.

Despite Mr A's account being closed, AESEL made a decision to technically or formally reinstate Mr A's account so that he could pay back this amount. They sent Mr A an account statement showing this debit and requesting a payment.

As Mr A considered his account to have been closed with a zero balance, he was shocked and distressed when he opened a letter from AESEL containing a statement, dated 15 March 2024, saying that he owed them £315.94.

AESEL didn't hear from Mr A until May 2024, when he spoke to an AESEL representative and received an explanation. By this time the amount owed had increased due to interest on the amount owed.

Mr A strongly disagrees that he owes AESEL any money. Although he doesn't have the statements, he is sure that the fraudulent transaction was correctly resolved before he closed his account. Also, he can't understand how it was possible for this not to have been noticed before he closed his account. So, he refuses to pay AESEL and AESEL continue to add interest to the amount owed.

AESEL passed Mr A's debt to an outside agency for collection and Mr A submitted a complaint to them. AESEL considered Mr A's complaint points and as they are certain their correction is correct, they didn't uphold his complaint, and their representative said:

- *'I would request you to kindly make arrangements for the payment of the outstanding balance. The interest charges, late payment fees, account cancellation, and referral*

to an external collection agency were processed in accordance with business guidelines and card terms'.

As Mr A remained dissatisfied, he brought his complaint to our service.

Strand 2

In addition to the above, Mr A says that when discussing Strand 1 with AESEL, after their complaint response, they have referred to him having a second account which was closed on 15 June 2024. As Mr A has had previous concerns about fraud on his account and has only ever had one AESEL account, this comment has caused him further anxiety.

Mr A says he asked AESEL to prove a second account exists and / or send him statements but they haven't done so. He feels something is amiss here and questions whether a data breach has occurred.

Other issues

Also, Mr A can't understand:

- How AESEL have obtained and passed on his new mobile number (to the debt collection company) and he is upset contact has been made about the outstanding payment whilst our service has been considering his complaint.
- Information he has received showing that his AESEL card account was closed with a credit balance of 84 pence.

Escalation to our service

Mr A brought his complaint to our service requesting:

- *'AESEL to clear the debt and pay me for the negligence and potential GDPR breach of a supposed 2nd account.'*

Our investigator analysed AESEL's data submission, and his view was that:

- Mr A does owe AESEL £314.95 and it was fair and reasonable for them to ask him to repay this amount
- AESEL should pay Mr A £150 for not being clear about the reasons for the amount being charged to his account and causing some distress.

AESEL agreed but Mr A was dissatisfied with our investigator's view. He believes the compensation amount should be higher (between £500 and £800) and regarding Strand 1 he still questions AESEL's honesty and our investigator's analysis that he owes AESEL any money.

As Mr A remains dissatisfied his complaint has been passed to me to look at.

I issued a provisional decision on 1 August 2025, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a slightly different outcome to what our investigator proposed, and I wanted to give both parties an opportunity to respond.

The deadline for both parties to provide any further comments or evidence for me to consider is 15 August 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If American Express Europe Limited accepts my provisional decision, it should let me know. If Mr A also accepts, I may arrange for the complaint to be closed as resolved

at this stage without a final decision.

What I've provisionally 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, my provisional decision is to partially uphold this complaint.

I should first say:

- I'm very sorry to hear about the upset and anxiety Mr A has experienced here, however I must approach this matter objectively.*
- I've carefully considered all the points Mr A has made and I've focused on what I think are the important points to reach a final decision. I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points both parties have made, even though I don't specifically address them all.*
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on the balance of probabilities.*

I first looked closely at Mr A's statements to determine whether Mr A's account did have an outstanding debit balance of £314.95.

I found that:

- Mr A disputed a merchant payment (for Company F) dated 14 January 2023 for £315.94 and:*
 - AESEL credited his account for this amount twice on 16 January 2023.*
 - AESEL reversed one of these two credits on 14 February 2023 meaning they thought they correctly resolved his disputed transaction.*
- Mr A contacted Company F and they also credited his account on 11 and 13 February 2023.*
- So, it was not necessary for AESEL to have credited Mr A's account and they didn't make the necessary further adjustment to allow for the Company F credit. This meant Mr A's account had been over credited.*

The following table illustrates the total debits and credits applied and shows total credits as £947.82, total debits as £631.88 and illustrates that Mr A's account was over credited by £315.94.

<i>Debited from Mr A's account</i>			<i>Credited back to Mr A's account</i>		
<i>Process Date</i>	<i>From / Reason</i>	<i>Amount</i>	<i>Process Date</i>	<i>From / Reason</i>	<i>Amount</i>
<i>14/1/23</i>	<i>Company F (disputed transaction)</i>	<i>£315.94</i>			
			<i>16/1/23</i>	<i>AESEL– cr adjust</i>	<i>£315.94</i>

			16/1/23	AESEL– cr adjust	£315.94
			11/2/23	Company F	£314.95
			13/2/23	Company F	£0.99
14/2/23	AESEL– dr adjust	£314.95			
14/2/23	AESEL– dr adjust	£0.99			
Total		£631.88			£947.82

Although there were a number of transactions processed and one showed on a separate statement, I'm satisfied that:

- *Mr A does owe AESEL £314.95.*
- *AESEL's statements accurately presented this, and he would've seen all these transactions before he closed his account.*

I then considered whether it was fair and reasonable for AESEL to require Mr A to pay this amount, bearing in mind they didn't notice or attempt to adjust the over credit until after he closed his account.

It isn't possible to know if AESEL staff were made aware that Mr A had arranged for Company F to credit his account. I think AESEL should've still spotted it. But, considering the huge volume of transactions financial firms like AESEL process, the complexity of processes and Mr A's intervention, I can understand how noticing and balancing errors like these can take time to come to light.

In most cases, where a credit is duplicated, customers (who have a responsibility to check their statements) or a payee would highlight a discrepancy and, if not, where an account is still open, the customer could quickly and easily look back at their statements. But in this case, the discrepancy wasn't easy to spot, the account was closed and Mr A no longer had access to his statements.

As debit or credit adjustments are common and can take time to come to light and be remedied, AESEL's terms and conditions, that Mr A would've agreed to, purposely say customers must pay everything they owe and AESEL can automatically take this where there is a mistake or systems error. I think this is fair and reasonable where a customer has been over credited and the transactions were clearly displayed on statements that they were provided with.

I do appreciate it would be frustrating to be told about an outstanding balance nine months later. However, even though there was a lengthy time gap here, I think AESEL are entitled to receive their money back. As pointed out by our investigator, if a debit was duplicated a customer would expect to receive the money back even if they closed the account.

So, having analysed all of Mr A's statements, I'm not upholding this strand of Mr A's complaint.

As the evidence clearly shows that Mr A does owe AESEL £314.95 and I consider it to be fair and reasonable for them to require Mr A to pay this.

I then considered the service Mr A received from AESEL.

When looking at AESEL's service I considered that, from July 2023, AESEL had to comply with the Financial Conduct Authority's "Consumer Duty" which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad

outcomes, AESEL was required to act to avoid foreseeable harm and look out for signs of vulnerability.

Although I can't see that AESEL had information on Mr A's vulnerability and I haven't been provided with any call recordings, considering Mr A's submissions, I think it more likely than not that he would have told AESEL he suffered from anxiety and they would've noticed this when he complained to them about disputed transactions prior to his account closure.

Considering this and that the account was closed due to Mr A's dissatisfaction over fraudulent transactions appearing on his statement, prior to making a payment demand for an over credit, I would've expected AESEL to have considered their approach and adjusted it in the following way:

- A. Contact Mr A to check he was still at the address they had on file otherwise there would be a risk he wouldn't know about the over credit and debit balance that would increase due to interest charges.
- B. Clearly explain verbally and / or in writing:
 - 1. The duplication error and how it resulted in a debit balance.
 - 2. The reason for the notification delay.
 - 3. The basis of their request after the account had closed (which is their above-mentioned terms and conditions).
- C. Check Mr A was satisfied that the payment demand was accurate, and that Mr A didn't require statement copies or illustrations (similar to that provided above) that explain the error.
- D. Check if he needed any support including a payment plan.

From reviewing the file, I can't see that AESEL did any of these actions. Instead, they just sent Mr A a statement setting out the amount due and, when they didn't hear from him, they then tried to make contact. Even after Mr A complained, I can't see that AESEL did B2, C and D.

I appreciate AESEL tried to call Mr A when they didn't receive a payment and subsequently had a number of conversations with him, but I think by not taking the actions that I've set out above, they caused Mr A some distress and inconvenience.

Although I haven't seen anything from Mr A to show that the impact of the delayed debt notification would've caused him financial issues or that he would struggle to repay the amount due, I can't see that AESEL checked or offered him support, such as the option of a payment plan. Also, a meeting to illustrate the over credit error and alleviate his anxiety.

As our investigator has now provided Mr A with statements and a similar summary to the one I've set out above and Mr A appears to still disagree that he owes AESEL money, it isn't possible to know whether Mr A would've accepted AESEL's explanation. But I think the actions I've suggested would've alleviated some of Mr A's frustration and anxiety.

I recognise AESEL are owed money here and they are entitled to charge interest for non-payment. Also, I appreciate their method is to reinstate an account. But, in the circumstances here, I don't think it was fair for AESEL to apply their standard interest charges until after they'd made contact and fully explained matters to Mr A. So, I think interest should be applied from the date AESEL issued their final complaint response letter.

Regarding Strand 2, from reviewing the file and making further enquiries, I'm satisfied Mr A doesn't have a second account. Although I haven't been able to identify the

date or listen to the call recording where Mr A says this was mentioned to him, I'm persuaded a second account was referred to by AESEL. In addition to Mr A's persuasive submissions AESEL refer to a second account, with the same closure date that Mr A refers to, in their file submission. However, rather than a second account, they are clearly talking about the account they reinstated to demand payment of the money Mr A owes them.

I'm also persuaded this caused Mr A to become anxious and that he didn't get adequate responses to his requests for evidence of a second account and this caused him further anxiety as he was worried about fraud on his account.

Also, I can't see any explanation was given when it was communicated that 84 pence remained on his account when it was closed. In addition, I'm persuaded that Mr A asked AESEL to stop contacting him whilst he complained to our service, and I've seen evidence that this didn't happen.

Having considered the above, I think the service AESEL provided was poor and that Mr A was caused some distress and inconvenience.

Assessing compensation for service errors and the subsequent distress and inconvenience isn't an exact science and our approach when making awards is detailed on our website and tends to be modest.

Having considered our approach to these awards, I think the description and examples provided in the 'up to £300' range are commensurate with what happened here, and considering the circumstances and submissions (including impact) I've also found £150 to be a fair and reasonable amount to rectify the practical and emotional effects of the poor service.

So, having considered the above and all the information on file, my provisional decision is to partially uphold this complaint because of the poor service provided.

To put things right I require AESEL:

- To pay Mr A £150 by way of apology for the distress and inconvenience.*
- Only charge interest on the £314.95 owed from the date they issued their final response letter.*

My provisional decision

For the reasons I've given above, it's my provisional decision to partially uphold this complaint. I require American Express Europe Limited to:

- Pay Mr A £150 compensation less any amounts already paid*
- Amend the interest on the £314.95 owed so that it is only charged from the date of their final response letter.*

I'll look at anything else anyone wants to give me – so long as I get it before 15 August 2025.

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.

Both parties responded to my provisional decision.

In summary:

Mr A disagreed with my provisional decision. He neither believes nor accepts that he owes AESEL £314.95 and he set out why he thinks everyone is missing the point.

Also, Mr A doesn't think it is right that his account should've been re-opened without his permission.

AESEL agreed with my provisional decision and confirmed the date of the final response letter was 27 August 2024 and interest on the £314.95 owed wouldn't be applied earlier than this date.

Also, AESEL submitted some new information and clarified that there was in fact a second account. They said that upon further investigation:

- A second account was set up to replace the original account to prevent any further fraudulent charges.
- The setup of this second account crossed over with Mr A cancelling his original card. *'Mr A may not have been aware that there were two accounts, but this is the reason why it existed'.*
- They can confirm the incorrect fraud credit (£314.95) was re-debited to the original card.

Regarding strand 1 of Mr A's complaint which is that:

- He considers he doesn't have an outstanding debit balance of £314.95 and therefore doesn't owe AESEL this amount.

I'm satisfied that there is clear evidence that Mr A does have an outstanding debit balance and that he does owe AESEL £314.95.

I responded to Mr A's view that *'everyone is missing the point'*, he doesn't owe AESEL any money and his statements prove this, by:

- Providing him with further copies of his statements.
- Providing additional comments on how the account information (shown in the above provisional decision table), and balances carried forward, fully corresponds with his statements and clearly show his account was over credited by £314.95 and he is in debt to AESEL.

Despite showing and explaining the clear evidence to Mr A, which I noted a previous investigator also provided to him, Mr A appears unwilling to accept this.

Although Mr A doesn't agree he should have to pay this amount and is frustrated AESEL didn't notice it until after he closed his account, I don't think it is unfair or unreasonable for AESEL to demand repayment. My reasons for saying this are set out in my above provisional decision and include Mr A having been able to view all these transactions and carried over balances before he closed his account.

Although I understand Mr A's frustration about being asked to pay this amount, my final decision on strand 1 of this complaint is that I'm not upholding it.

Regarding the strand 2 dispute about a) a second account having been issued and b) an account being re-opened, our service is unable to interrogate a business's system and relies upon information submitted by both parties. Where evidence is incomplete, inconsistent or contradictory, as some of it is here, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

The information available when I made my provisional decision suggested there wasn't a second account, and a miscommunication had caused confusion. However, in the above

latest submission, AESEL have clarified that a second account was set up and explained the reason, which was to replace the original account to prevent any further fraudulent charges.

As I don't have access to call recordings, I'm unable to confirm that Mr A knew about this but, as he was concerned about fraud and having discussions with AESEL, I think it more likely than not that this was mentioned to him and, considering his concerns about fraud, I think this was a reasonable action. I am though persuaded that AESEL's communications weren't clear to Mr A.

Also, as Mr A subsequently closed his account, I can now better understand why a second account was referred to and a very small balance remained.

Mr A is upset and annoyed as AESEL appear to have re-opened his account without his permission to seek payment of the £314.95 owed. Our service isn't the regulator of financial services, and I can't tell AESEL what procedure they should follow, and how to bill a customer when an account is closed and it is later identified that funds are owed. Also, as I can't interrogate (for the same reasons) AESEL's systems and there is limited information, it's unclear if the account was fully re-opened or the issuing of the card statement was just a technical method of making a payment demand.

Whilst I think AESEL's communications should've been better when they realised Mr A owed them money, bearing in mind Mr A had clear information that he was over credited before the closure took place, I don't think it is unreasonable of them to have sent him a statement to correct matters.

Mr A hasn't made any other comments about strand 2 and AESEL have agreed to pay £150 compensation and when I've considered strand 2 again, for the reasons mentioned in my provisional decision, I still think AESEL's overall communications could've been much better and £150 is a fair and reasonable amount of compensation here.

So, I'm upholding strand 2 only of this complaint, and I require AESEL to pay Mr A £150 compensation.

Finally, regarding Mr A's concerns about a) a data breach from the debt collectors and / or between them and AESEL over his phone number b) AESEL's communications on his complaint and outstanding debt before our process completed:

- a) I can't see any evidence or that this was included in the original complaint and I'm unable to demand information from the debt collectors. However, if Mr A considers there has been a data breach from an AESEL partner, he can raise this with them and the Information Commissioner's Office.
- b) I noticed that AESEL sent Mr A communication about his complaint and settling his account balance at a reduced rate. Whilst I considered this and think AESEL should've put such communication on hold until a final decision, as this appears to be automated and was sent after our investigator's view, I don't think this was unreasonable and warrants further compensation. Also, bearing in mind the final decision on strand 1, I would suggest Mr A speaks to AESEL about this message as it appears to be a helpful communication.

Putting things right

To put things right, on strand 2 of this complaint, I require AESEL to:

- Pay Mr A £150 compensation.
- Only apply interest to the £314.95 he owes them from 27 August 2024.

My final decision

My final decision is that I partially uphold this complaint against American Express Services Europe Limited, and I require them to:

- Pay Mr A £150 compensation.
- Only apply interest to the £314.95 he owes them from 27 August 2024

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 September 2025.

Paul Douglas
Ombudsman