

The complaint

Mr K complains that American Express Services Europe Limited (Amex) lent irresponsibly when it approved his credit card application and later increased the credit limit.

What happened

Mr K applied for an Amex credit card in April 2021. In his application, Mr K said he was employed with an annual income of £19,500. Amex carried out a credit search and found Mr K had around £10,553 of loans with monthly repayments totalling £543. A credit card with an outstanding balance of £383 was also noted. No adverse credit, defaults, payday loans, payment arrangements or recent arrears were found on Mr K's credit file.

Amex says it carried out an affordability assessment using estimates for Mr K's housing costs and living expenses obtained from nationally recognised statistics. Amex applied the cost of servicing Mr K's existing debts and outgoings to his income and says he had sufficient available to sustainably make repayments to a new credit card with a limit of £1,900. Amex approved Mr K's application and issued a credit card with a £1,900 limit.

Mr K used his Amex credit card and in November 2021 Amex increased the credit limit to £2,700. Amex says it checked Mr K's account history and credit file as well as completed a new affordability assessment before increasing the credit limit.

In May 2023 Mr K contacted Amex to explain he was struggling to make repayments. A payment arrangement was later agreed with the help of a third party debt advice service I'll refer to as S.

Earlier this year, Mr K complained that Amex lent irresponsibly and it issued a final response. Amex said it had carried out the relevant lending checks before approving Mr K's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr K's complaint. They thought Amex had carried out reasonable and proportionate checks before approving Mr K's application and increasing the credit limit. The investigator wasn't persuaded Amex lent irresponsibly and didn't uphold Mr K's complaint.

Mr K asked to appeal and said he was vulnerable when the application was made to Amex due to an ADHD diagnosis and unstable employment at the time. As Mr K asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Amex had to complete reasonable and proportionate checks to ensure Mr K could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's

circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Amex obtained when considering Mr K's credit card application above. Mr K confirmed his income was £19,500 and Amex carried out a credit search. The credit search showed Mr K had two loans totalling £10,533 with a combined monthly payment of £543 a month. A credit card with a balance of £383 was also noted. As I've said above, there was no evidence from Mr K's credit file that he was struggling with his finances at the time in terms of adverse credit, defaults or missed payments.

Amex has also provided evidence of its credit scoring process and the affordability assessment it completed that showed, when applying its lending criteria, Mr K was able to sustainably afford repayments to a new credit card with a limit of £1,900. I'm satisfied Amex took Mr K's income and circumstances into account when considering his application and completing its affordability assessment. In my view, Amex carried out reasonable and proportionate checks when looking at Mr K's application. And I'm satisfied the decision to approve Mr K's credit card application and issued a credit card with a £1,900 limit was reasonable based on the information Amex obtained. I'm sorry to disappoint Mr K but I haven't been persuaded that Amex lent irresponsibly when it approved his application.

The credit limit was increased in November 2021. I've looked at the information Amex had available to see whether I think it carried out the relevant lending checks first. Mr K had used his credit card consistently following its approval. I note that Mr K's payments were all made on time and his statement balances were generally well below the £1,900 credit limit. Mr K's payments were higher than the minimum payment due each month. I also think it's reasonable to note that while Mr K was using his credit card each month, much of the spending was for retail purchases, travel and entertainment. In my view, the credit card statements wouldn't have suggested to Amex that Mr K was struggling financially.

Mr K's credit file shows he remained up to date with repayments to his other commitments. In addition, the credit file showed Mr K's unsecured debt level had reduced to around £8,200 of which £530 was credit card debt. Amex has provided evidence that it applied its credit scoring process and affordability assessment to the credit limit increase. And the results indicated Mr K would've been able to sustainably afford a credit limit of around £6,000, although Amex set it at £2,700. In my opinion, the checks Amex completed were reasonable and proportionate to the new credit limit of £2,700 it went on to approve. And I'm satisfied the decision to increase Mr K's credit limit to £2,700 was reasonable in light of the information Amex obtained. I'm very sorry to disappoint Mr K but I haven't been persuaded Amex lent irresponsibly when it increased his credit limit to £2,700.

Mr K's also told us he was vulnerable during the period he held the Amex credit card due to ADHD and unstable employment. I'd like to thank Mr K for his candour in sharing private information with us. But I need to consider whether Amex could reasonably have been

aware Mr K was vulnerable. As set out above, I haven't seen anything in the application or other information available to Amex that indicated Mr K was vulnerable or unlikely to be able to sustainably afford repayments. We've also asked Amex to provide records of its contact with Mr K to see if it treated him fairly when asked for support. Amex's records show that in May 2023 Mr K contacted it to explain he was having difficulties making payments and working with S concerning his debts. Amex agreed a payment arrangement with Mr K in light of the information provided which appears reasonable to me.

I haven't seen anything else that shows Amex was either made aware or ought reasonably to have realised Mr K was vulnerable before that point. I'm very sorry to disappoint Mr K but I haven't been persuaded Amex treated him unfairly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Amex lent irresponsibly to Mr K or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 October 2025.

Marco Manente
Ombudsman