

The complaint

Mr L complains that AMERICAN EXPRESS SERVICES EUROPE LIMITED was irresponsible in its lending to him. He wants his credit card balance to be written off, and all interest and charges paid on the account refunded.

What happened

Mr L was issued with an American Express credit card in July 2022. The credit limit was set at £4,000.

Mr L doesn't think that adequate checks were carried out to ensure that the credit would be affordable for him. He said he was expecting a much lower limit to be applied and noted that at the time of his application he had an unstable income, was homeless, was struggling with his studies due to financial hardship and was suffering with mental health issues. He said the limit set was too high and while he has made regular payments, due to the high interest rate, he has been trapped in a cycle of debt.

American Express issued a final response to Mr L's complaint dated 17 March 2025. It said that it carried out all necessary checks before providing the credit limit and that there was no reason at the point of application to believe that the lending would be unaffordable for Mr L.

Mr L didn't accept American Express' response. He didn't think it fully acknowledged the personal and financial struggles he was facing when he made his application, including his mental health condition and unstable financial situation. He referred his complaint to this service.

Our investigator thought the checks carried out before the credit limit was issued were proportionate, including the income check. Based on the results of these checks he thought the lending appeared affordable. Our investigator noted Mr L's mental health and financial issues but also that American Express wasn't aware of these at the time of the application. He further found that when Mr L made American Express aware of his situation it offered him support.

Mr L didn't accept our investigator's view. He said that his declared income was not sustainable or regular and this was shown in his bank statements. He said the disposable income calculation was based on his declared income and so wasn't accurate and he had very little to cover his essential costs. He thought that having no previous issues with credit didn't indicate financial stability but instead that he hadn't previously had access to credit due to his unstable employment and housing insecurity. Mr L accepted that American Express wasn't aware of his mental health diagnosis when the account was opened but said that the credit limit offered was disproportionate and while he did receive some initial support when he raised his issues, this wasn't ongoing.

Our investigator responded to Mr L's comments. He explained that American Express verified Mr L's declared income using a credit reference agency tool and as this didn't raise issues, he thought it reasonable that this was relied on. He didn't find that the checks carried out by American Express gave any concerns that meant further checks, such as requesting

Mr L's bank statements, were needed. Our investigator noted Mr L's comments about why he hadn't had previous credit but said that a lack of previous credit could be for several reasons and thought that Mr L's credit results wouldn't have raised concerns.

Mr L didn't agree that the lending decision by American Express was proportionate and didn't accept that adequate checks were carried out before the credit limit was provided.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr L was issued with a credit card with a £4,000 credit limit. As part of the application process, Mr L was asked about his residential status, employment and income and a credit check was undertaken. Mr L said he was employed with an annual income of £27,000 and was renting. American Express required proof of Mr L's identity and address, and I have seen copies of his driving license and a bank statement from the time which confirmed the address he had declared in his application. A credit reference agency tool was used to validate Mr L's income.

A credit check was undertaken which showed that Mr L only had a bank account at the time and no other credit outstanding. The credit check further showed no previous adverse data such as defaults, county court judgments or missed payments.

I note Mr L's comments about the checks that were carried out and about his housing situation and income at the time. I have considered the points he has raised but as he provided details of his address and then evidence of this in the form of his driving license and a recent bank statement, I do not find I can say that American Express should have been reasonably aware of any issues with Mr L's housing situation. Regarding Mr L's income, he declared that he was working full time and gave his annual income. An industry tool was used to verify this, and this didn't raise concerns.

So, considering the size of the credit limit being provided and the cost of the repayments that would be due compared to Mr L's income, and noting that the credit check didn't show any issues or other credit commitments, I think that the checks American Express undertook before providing the credit limit of £4,000 were reasonable and proportionate. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the credit should have been given. To assess that I have considered the outcome of American Express' checks to see if these raised concerns that meant further information should have been gathered or the credit limit not provided.

Based on American Express' checks, Mr L's annual income was validated as £27,000 which would give a monthly net income at the time of around £1,850. Allowing a reasonable rate of

repayment on this credit card based on full usage would be around £200 a month. This would leave Mr L with around £1,650 for his other living costs. I appreciate Mr L doesn't think this is accurate because of the income figure used, but as I accept that the checks were reasonable, I do not find I can say that American Express was wrong to consider this lending as affordable for Mr L.

I am sorry to hear of the difficulties Mr L has experienced, particularly with his mental health and housing and financial circumstances. But I can only require American Express to act on the information it was, or ought to reasonably have been, aware of. In this case, Mr L has confirmed that he didn't tell American Express at the time of his application about his mental health condition or his difficult personal circumstances. So, while I understand why he may have chosen not to disclose this, as he didn't make American Express aware, and I have nothing to show that issues were noted through the application process that would have required American Express to ask further questions, I do not find I can say that American Express did anything wrong by relying on the information available to it at the time.

When Mr L contacted American Express about his financial difficulties it agreed a payment break from 30 December 2022 to 8 March 2023. The terms of the payment break were set out, and Mr L was contacted about when the payment break was coming to an end and when it had ended. He was provided with contact details of where he could get further support. Mr L was then placed on a financial relief programme in May 2023. Based on the evidence provided I think that American Express did try to assist Mr L when he informed it of his difficulties and I would expect American Express to continue to work with Mr L regarding any outstanding balance.

So, while I do not underestimate the difficulties Mr L has experienced, in this case, I do not find that I can say American Express did anything wrong by providing him with the credit based on what it knew at the time. Therefore, I am not upholding this complaint.

I've also considered whether American Express acted unfairly or unreasonably in some other way given what Mr L has complained about, including whether its relationship with him 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 American Express lent irresponsibly to Mr L or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome 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 L to accept or reject my decision before 29 December 2025.

Jane Archer
Ombudsman