

The complaint

Mr B complains that AMERICAN EXPRESS SERVICES EUROPE LIMITED trading as American Express (AESEL) defaulted his credit card account.

What happened

Mr B had a credit card account with AESEL. He got into difficulties making repayments to the account because he says had been unwell for six months and had been hospitalised. Mr B says that he contacted AESEL to come to a payment arrangement, which he says it agreed to, however they defaulted his account.

AESEL upheld Mr B's complaint – that's because it discovered that it had incorrectly recorded the date of the default; and it changed the default date from April 2024 to September 2023.

Mr B confirmed to this Service that his complaint was that AESEL shouldn't have defaulted his account at all. The Investigator then considered the information provided by both parties but they didn't uphold Mr B's complaint. They explained that they felt AESEL had fairly defaulted the account.

Mr B didn't agree. He explained that the root cause of his financial problems and ability to repay AESEL was as a result of a severe and unforeseen decline in his physical and mental health. He says that during this period, he was hospitalised and bed-bound, which left him unable to deal with his financial affairs. He went on to explain how other lenders had supported him in writing off the debt he owed and removing defaults. Mr B asked that as a gesture of goodwill, the default should be removed.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered all of the information available to me, I'm sorry to disappoint Mr B, but I don't uphold his complaint.

I can see that Mr B was in contact with AESEL in February 2023. It appears he explained his situation to it, in that he had been unwell (at that point for five months) and had been hospitalised. The notes recorded at the time confirm Mr B was back working. An income and expenditure assessment was also completed for Mr B, which showed that he wasn't getting enough income to meet his outgoings. Because of this, AESEL offered Mr B a regain plan.

After the call, AESEL sent Mr B a default notice which confirmed that it could terminate his agreement any time after 26 March 2023, as it became clear he couldn't keep up with his repayments which it said was a breach of the terms and conditions. On 20 March 2023,

AESEL sent Mr B a final demand and notice of termination letter – explaining that the full outstanding balance was now due, and that it could default his account. On the same day, it sent Mr B a separate letter, letting him know that it had stopped applying interest to the balance on his account. It is my view, that AESEL had explained to Mr B the status of his account, and that his account could default.

I can see from the transaction history on the account that Mr B made no repayments to the account between March 2023 to September 2023. In considering when an account should default, this Service generally refers to guidance published by the Information Commissioner's Office (ICO) which explains that an account should default when it is at least three months in arrears, and at the latest when it is in six months of arrears.

AESEL initially defaulted Mr B's account in April 2024. AESEL has since agreed that it should have defaulted the account in September 2023 and has made the changes to Mr B's credit file to reflect this. However, Mr B doesn't think the account should have defaulted at all.

Based on the ICO's guidance I've referred to above, I agree that it was too late for AESEL to have reported the default for April 2024. However, I'm satisfied that AESEL acted fairly and reasonably when it changed the default date to September 2023. That's because it hadn't received a repayment from Mr B between March 2023 and September 2023 – and September is the latest I would have expected the account to have defaulted.

I have taken on board Mr B's comments, in that the difficult circumstances he faced regarding his health, which is also the cause of the financial difficulties he was facing at the time. I'm really sorry to hear of the difficulties Mr B has faced. But, I'm required to impartially assess whether AESEL have done anything wrong. It is required to report accurate information to the CRA's about how an account has been managed. And in this case, I can't fairly conclude that AESEL had acted unfairly or unreasonably in recording the account as in default because that information is accurate – even if it's not Mr B's fault.

I also note that Mr B has said that other lenders had written off debt and removed defaults. What other lenders have decided to do is up to that particular lender. My role in investigating Mr B's concerns is to look to see if the actions AESEL took were fair and reasonable in the circumstances and for the reasons I've explained, I'm satisfied they were.

My final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 February 2026.

Sophie Wilkinson
Ombudsman