

The complaint

Mr S has complained about how American Express Services Europe Limited (AESEL) handled a refund claim he made to them.

What happened

Mr S purchased a coffee machine in November 2021 from a retailer I shall call 'B' to the sum of £1605.73 on his AESEL credit card.

However he discovered in 2024 that his coffee machine didn't work and considered it was due to an inherent fault. As B were unable to help, he contacted AESEL to raise a Consumer Credit Act 1974 ("CCA") section 75 claim ("S75") against AESEL.

AESEL considered the S75 claim and felt Mr S needed to provide further supporting evidence of an inherent fault such as an independent report. Mr S didn't agree and said he had no obligation to do this and had provided sufficient evidence in the form of cases documented online on the matter as well as his own expertise.

As AESEL's position remained unchanged, he subsequently complained about their handling of his claim. AESEL sent a final response letter (FRL) on 20 December 2024 addressing his complaint and maintaining their position that they hadn't done anything wrong.

As Mr S remained dissatisfied, he referred his complaint to this service. Our investigator considered the relevant evidence and agreed that AESEL were entitled to ask for an independent report from Mr S to substantiate his claim.

Mr S disagreed and asked for an ombudsman to issue a final decision 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.

I've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that AESEL aren't the provider of the goods here – so in deciding what is fair and reasonable, I'm looking at their particular role as a provider of financial services. In doing so I note that because Mr S paid for this transaction using an AESEL credit card, both chargeback and a S75 claim could possibly help him. So in deciding what is fair and reasonable I've focussed on this.

Chargeback

Chargeback is a potential way AESEL could've attained a refund for Mr S. However chargeback is determined by the relevant rules of the card scheme (in this case AESEL's own scheme rules). So although it is good practice for a bank to raise a chargeback, there are circumstances where it isn't reasonable to raise one, such as where there is an unlikely prospect of it succeeding.

Here I note that AESEL hasn't commented on a chargeback claim. However the chargeback is out of time here under AESEL's scheme rules. The purchase was made in November 2021 and the most appropriate reason code here would be 'Goods/Services damaged or defective'.

Generally for chargeback reason codes such as these, there are 120 days to raise a chargeback from the date of the expected delivery. Clearly Mr S was out of time as the coffee machine was ordered in November 2021 yet the claim was raised towards the end of 2024 and so fell outside these chargeback time limits.

While AESEL hasn't commented on a chargeback claim, this is likely because it was substantially outside the time limits and so couldn't have been progressed. Therefore I can't conclude they did anything wrong here in not considering the chargeback when Mr S raised his claim with them

I'll now move on to AESEL's consideration of the S75 claim.

S75

S75 provides that in certain circumstances the borrower under a credit agreement has an equal right to claim against the credit provider if there is either a breach of contract or misrepresentation by the supplier of goods and services.

To assess a valid claim, AESEL would've needed to consider all relevant evidence for the alleged breach of contract or misrepresentation. But for there to be a valid claim under S75 there are certain technical requirements and I'm satisfied they've been met here.

The crux of Mr S's complaint is his coffee machine was of a poor quality and not to the standards he expected. I've therefore considered this under S75 in terms of whether there is persuasive evidence of a breach of contract which would've been reasonably available to AESEL at the time it considered the claim.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

Mr S's coffee machine was delivered to him at the end of 2021, however he later discovered a fault which he felt was a fundamental flaw with the machine. He explained there are instances when the machine is being descaled that the internal probes fail to report the amount of water in the boiler correctly.

This means that when the descaling is complete it may cause the boiler to heat without water causing a thermal fuse to blow and necessitating an expensive repair.

Mr S provided several links to online forums and articles which he says confirm this issue. However AESEL felt an independent report would be appropriate to establish if this was due to an inherent fault or manufacturing defect.

Mr S didn't agree and said that the request was disproportionate to the value of the claim and in addition AESEL hadn't provided any evidence to counter the information he'd provided.

I must note that the general position under the CRA is that after six months of use, the 'burden of proof' shifts to the consumer to show that the fault means the goods weren't of a satisfactory quality at the time of purchase. And often a way to evidence this will be by the provision of an independent inspection report

AESEL asked Mr S to provide an independent report from an appropriate expert to determine the root cause for the issue with the coffee machine. Mr S didn't believe he needed to do this. I agree that it isn't necessarily required, but I do think he needs to provide more to show the machine is faulty and it isn't due to other factors such as not meeting required standards of maintenance or any other damage sustained.

While I appreciate Mr S has shown various articles online which he considers relevant, as well as stating his own expertise in the area, AESEL were reasonable to ask for an independent inspection of Mr S's coffee machine to identify the root issue and if it was due to an inherent manufacturing fault. Without further evidence to demonstrate this, I can't fairly say AESEL has acted unreasonably in not accepting Mr S's claim for breach of contract under S75.

Having considered all the circumstances here, I'm satisfied AESEL's request for further evidence of the nature of the fault and its likely cause wasn't unfair or reasonable. Nor was their decision to decline Mr S's claim and complaint when he didn't provide what was asked of him.

AESEL's handling of the S75 claim

Mr S has also complained about AESEL's general handling of the claim and I've addressed the key points in turn.

Firstly, he's referred to a 14 day time limit for simple claims, however S75 claims don't have any such time limits. It would be expected that a S75 claim would be progressed and administered in a reasonable amount of time dependent on the evidence available and the need for further information. In this case AESEL said they needed further evidence from Mr S – and so while the claim was made in October 2024 it was closed two months later at the start of December 2024 as it couldn't be progressed. I don't consider the time taken to have been unreasonable under the circumstances.

Mr S has also said AESEL didn't refer him to an alternative dispute resolution (ADR) scheme regarding his S75 claim. Regarding this, we'd expect a business to administer the S75 claim first and if a consumer is dissatisfied with the outcome, they'd need to complain first to see if the business can resolve this satisfactorily.

If this didn't address the complaint, we'd then expect the consumer to be informed they have the right to refer the matter to a relevant ADR scheme – as was done here in terms of the FRL issued on 20 December 2024 and the referral rights to this service.

I therefore can't say AESEL did anything wrong here in investigating the claim first and the subsequent complaint before providing referral rights to this service.

In summary

While I appreciate this'll be disappointing for Mr S, I don't consider AESEL has handled his S75 claim unfairly. I understand he feels he has provided sufficient evidence for why his coffee machine has an inherent fault, however AESEL would need an inspection of his machine to determine the root cause and to confirm the inherent fault Mr S claims it to be, rather than another fault or issue. And as over six months have passed since the purchase of the item, it would be for Mr S to obtain this to support his claim.

In the absence of this further information, I can't say AESEL did anything wrong in declining his claim.

My final decision

For the reasons stated above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 October 2025.

Viral Patel
Ombudsman