

The complaint

Mr S complains that American Express Services Europe Limited (Amex) unfairly discriminated against him when it increased the interest rate on his account.

What happened

Mr S has an Amex credit card. In May 2025, he received a letter from Amex which explained that it had decided to increase the interest rate on his account following a review of his credit file.

Mr S thinks that Amex discriminated against him as there are no markers on his credit file and he pays by direct debit each month.

Amex says the review it carried out is not discriminatory in nature and was conducted in line with Mr S's credit card account. Amex says that the reference to risk is an industry term and not a personal description of its card members.

Our investigator didn't think that Amex treated Mr S unfairly by increasing the interest rate. He thought it had given him notice of the increase in line with its terms and conditions. But our investigator didn't think that Amex properly addressed Mr S's concerns about the increase. For this failing, our investigator asked Amex to pay Mr S £100 compensation to apologise.

Amex disagrees with the investigation outcome. It says it wrote to Mr S with details of the interest rate rise on 13 May 2025. Amex says it is not obliged to explain the specific rationale behind an interest rate increase. It points out that it gave Mr S the chance to opt out of the rate increase by closing his account, but he chose not to do this.

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 am satisfied that the terms of Mr S's credit agreement with Amex allow it to increase the interest rate on his account. The credit agreement also includes the following:

“If we're increasing your interest rate because we are increasing your Personal Rate we'll give you at least 60 days' advance notice of the change and you'll be able to opt out of the increase by notifying us before it takes effect”

Amex wrote to Mr S on 13 May 2025 giving him 60 days advance notice, together with the option to end the credit agreement without any charge if he didn't want to accept the interest rate increase. So, I consider Amex increased the interest rate in line with the terms of the credit agreement.

Although Mr S thinks that Amex discriminated against him, it is a matter for the Courts to decide whether a business has acted in a way that contravenes the Equality Act 2010. Our role is to decide what's fair and reasonable in all the circumstances. And I haven't seen

anything to suggest that Amex treated Mr S unfairly when it decided to increase his interest rate. This is a business decision which Amex is entitled to make, and we don't usually interfere with a business' commercial discretion.

However, I do agree with our investigator that Amex hasn't shown that it gave Mr S a suitable explanation of why it had increased the interest rate applicable to his account when he requested this. Amex's letter of 13 May 2025 which notified him about the increase, said that after carrying out a review, it may increase his personal rate of interest if the "review indicates a change in your circumstances, which may indicate an increase in risk that you might not be able to repay us". It is understandable that as Mr S always paid his Amex credit card in full and on time, he was upset to receive the letter and was concerned that Amex had treated him unfairly.

I accept that Amex isn't obliged to provide a detailed explanation of its' decision to increase the rate on Mr S's credit card, given that this may be commercially sensitive. But financial businesses, such as Amex, are obliged to follow the rules of the Financial Conduct Authority, which are set down in its's handbook known as CONC.

CONC 6.7.16 says:

"Where a firm increases a rate of interest based on a change in the risk presented by the customer, the firm must:

.....

(2) if requested by the customer provide a suitable explanation which may be a generic explanation for such increases".

Mr S says Amex told him that credit reference agencies contributed to its' risk assessment, but it couldn't understand why he'd received notice of the interest rate increase given his repayment history. After Mr S went back to Amex to point out there were no repayment issues on his credit file, it responded to say it considered the matter resolved.

Although Amex's letter of 13 May 2025 have included a generic explanation for the increase, I don't have evidence to suggest that it gave him a suitable explanation for the increase when he complained. So, I can't fairly conclude that it complied with the relevant FCA rule. I think this failure is likely to have increased Mr S's concern and upset about the interest rate increase. So, in the circumstances, I agree it fair to require Amex to compensate him for the potentially avoidable upset caused to him.

My final decision

My final decision is that I uphold this complaint and direct American Express Services Europe Limited to pay Mr S £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 November 2025.

Gemma Bowen
Ombudsman