

## The complaint

Mr G complains that American Express Services Europe Limited (Amex) failed to refund him and block payments to an internet services provider following a dispute about whether his contract with the provider had been renewed.

## What happened

Mr G entered a contract for internet services with a provider I'll call O in June 2023. At the outset of the relationship, he provided O with his Amex credit card details for a one-off payment of £10. He then set up a monthly direct debit for the contractual payments from another account. In June 2024 O offered to renew Mr G's contract with them at a higher price. Unhappy with the offer Mr G says he told O on 10 June 2024 that he didn't want to renew the contract, and he made arrangements with another provider. Following discussions with the new provider Mr G decided to check with O again that his contract hadn't been renewed, only to find that it had been and that O were requesting payment for a further 30 days. Unhappy with this Mr G cancelled his direct debit with his bank and raised his concerns about O with the communications ombudsman. However, O continued to take payments from Mr G's Amex card as follows:

Mr G has said he didn't give O permission to take these payments and so contacted Amex to let them know about his concerns. He wanted Amex to refund him for the unauthorised payment and prevent any further payments being taken from his account. Mr G has said that although Amex looked at his disputes, it failed to properly address his concerns or prevent sums being taken from the account, despite reassurances that this would happen.

Unhappy with how Amex had handled things Mr G complained. Amex said it felt it had dealt with the first two disputes Mr G raised fairly but recognised it hadn't handled the third dispute as it should have. So, it refunded the £65.23 and paid Mr G £25 compensation to apologise for the short comings in the customer service provided.

Mr G was unhappy with Amex's response to his case and said it hadn't addressed his concerns about how this had happened in the first place and how it could be prevented going forward. He also didn't feel he'd been refunded for all the payments O had incorrectly taken. So, he referred the complaint to this service.

One of our investigators considered the case and found that Amex had correctly refunded the first two disputed payments, and although there had been an issue the third payment had now also been correctly refunded. She noted that the fourth payment hadn't been disputed but said Amex had enough information from Mr G by early July 2024 to have blocked the payments to O. Given this she asked Amex to refund the payment from 30 August 2024 and pay Mr G £100 compensation for the inconvenience he had been caused by Amex not blocking payments requested by O sooner.

Amex accepted the investigators view but Mr G didn't agree with what our investigator had recommended. He said he still didn't know how these transactions had been allowed to go through in the first place and so he didn't know how to prevent this from happening in the future. He also felt the compensation recommended wasn't sufficient and instead asked for

his hourly rate or for the account fee to be refunded in compensation. As no agreement could be reached Mr G's complaint has been passed to me for review and 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.

Having done so, I issued a provisional decision saying:

*I think it would be helpful for me to be clear here that I am only considering the actions of Amex in this case, and I can't consider the actions of O.*

*The transactions Mr G disputed were made using a credit card, so Amex could have considered the claims through the chargeback process or under Section 75.*

*It appears that Amex considered the claims through the chargeback process, which isn't unreasonable given the time limits that apply to this process and that it appeared the claims had a reasonable prospect of success.*

*Having looked at the disputes raised and Amex's responses, for broadly the same reasons as the investigator I think Mr G's complaint should be upheld. I agree that Amex dealt with the first two claims fairly but failed to apply a block for payments requested by O at the appropriate time. Leading to avoidable inconvenience for Mr G.*

*The information in this case is well known to Mr G and Amex, so I don't intend to repeat it in detail here. I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous by taking this approach, but this simply reflects the informal nature of our service.*

*Given this, I don't intend to go into great detail about the disputes here – I think this has been addressed clearly by the investigator and as Amex has agreed to refund all four payments, it doesn't appear that this is now what Mr G is most concerned about. Rather my decision will focus on the points he has raised. Firstly, that he still doesn't know how this issue can be prevented in the future and secondly that he feels a refund of his account fee would be a more appropriate way of compensating him.*

### **Payments**

*Mr G has said he doesn't know how O was able to take payment from his Amex card in the first place. He explained he used the card for a one-off payment of £10 at the start of his relationship with O. He's said he didn't give permission for O to keep those card details or take further payments from his account.*

*Whilst I don't doubt what Mr G has said, I wasn't party to that conversation and so can't say with certainty what information O gave him about how it would handle his data at that time. I also can't comment on O's actions here as they do not fall within this services jurisdiction.*

*However, I think it was clear to Amex by 10 July 2024 That Mr G didn't want O to be able to take any further payments from his account. I say this because on 10 July 2024 Amex wrote to Mr G letting him know it would ask O not to take any further payments and would put a merchant block in place which would last four years. So, I can understand Mr G's frustration and confusion when O were able to take further funds from his account.*

*Amex failed to give Mr G any clear idea how O had authority to take payments from his account and so I can understand Mr G's concerns about this happening again in the future.*

*I asked Amex how the payments to O were processed and it let me know it appears that a continuous payment authority (CPA) had been instigated. A CPA is an agreement between a customer and business (O in this case) for it to take regular payments from the customers nominated account, usually for a service such as a membership, ongoing service, subscription etc. The Financial Conduct Authority (FCA) has some guiding principles about how CPAs should be set up and what information should be given to a customer. In summary these set out that a merchant such as O should:*

- make it clear they're setting up a CPA. The customer should positively agree to the amounts and frequency of the payments and 'Opt-out' clauses are not good enough.*
- ensure key parts of the CPA (e.g. dates, amounts) are displayed clearly and aren't just hidden in the terms and conditions.*

*Where a merchant doesn't get a customer's informed consent, it may mean the contract is unenforceable and the customer is entitled to a refund of all payments.*

*Hopefully this information will help Mr G feel more empowered going forward to ensure that payments being taken from his accounts are being done so legitimately.*

*Turning to an account providers responsibility, where a customer lets them know that they want to cancel a CPA in advance of a payment being taken then the account provider should stop this payment. But it's advisable for a customer to cancel the payment with both their account provider and the merchant.*

*Whilst there is an expectation that account providers will assist their customers by cancelling CPA's they can run into several issues when doing this. Unlike direct debits, there's no paper trail for a CPA meaning an account provider won't receive a copy of a mandate signed or agreed to by their customer. In addition to this, payments under CPA's often appear as ordinary transactions, and so account providers are unable to provide a list of a customer's CPA's or necessarily identify new CPAs immediately.*

*In this case I don't think it was necessarily unreasonable for Amex not to have identified the payments as a CPA straight away. I don't think it was immediately clear that a CPA had been instigated and as I've already said, there's no paper trail for an account provider to refer to. Additionally, no evidence of what was discussed with O when Mr G gave it his card details was provided by either party – so it would have been difficult for Amex to establish whether a CPA was agreed to or not. However, after the second monthly payment for the same amount had been taken, and Mr G had disputed these transactions I think it would have been reasonable for Amex to act.*

*Amex identified that Mr G didn't want O to be able to take further payments early in July 2024. So, it should have taken steps to stop these payments. But it didn't put the block on the account to prevent future payments until 30 August 2024. Amex hasn't provided any explanation for this. But looking at the evidence available, I think it was clear by 10 July 2024 that Amex knew Mr G didn't want further payments to go to O and recognised it needed to take action to prevent future payments. So, I think it would have been reasonable for Amex to have implemented the block when it said it was going to. Had it done this it would have prevented two payments going to O. Amex has already agreed to refund all four contested payments to O and two of the first two payments were refunded at the point the disputes were raised which is fair. But I think it should also ensure that any associated fees and*

*charges that might have been applied to Mr G's account as a result of the third and fourth payments should also be removed.*

*In not taking the action it said it would, to block O from taking more payments, Amex caused Mr G some avoidable inconvenience. But overall, I think the compensation recommended by the investigator is fair. I'll explain why.*

### *Compensation*

*Amex awarded Mr G £25 for its errors in handling his third disputed transaction. But, given its failure to block O from taking funds from Mr G's account when it should have, the investigator increased this to £100.*

*Mr G doesn't think this reflects the inconvenience he was caused and has said that a better measure would be his hourly rate as a professional or a refund of his Amex annual membership fee.*

*I don't doubt Mr G's strength of feeling and it's clear Amex didn't provide the level of customer service here that would be expected. But I don't agree that an hourly rate or a refund of the membership fee would be reasonable here.*

*I think it would be helpful for me to set out some broad principles about how we assess compensation at this service. I can see Mr G has talked about this service fining Amex for its failings. However, we are not the regulator and have no power to fine a business for its actions or inaction – this would be something for the FCA to consider as the regulator where it believes there is a cause for it to do so. Instead, the rules that govern this service allow us to award fair compensation to recognise the non-financial impact of an error the business has made. For example, the distress or inconvenience caused by the error.*

*Mr G has committed to pay an annual membership fee to Amex for various benefits such as, insurance and discounts on other service such as hotels and car rental. Whilst I can understand that Mr G is unhappy with how Amex handled this matter, he is still entitled to claim the benefits afforded to him by Amex as a result of him paying the annual fee. As Mr G can still benefit from the additional services, it wouldn't be reasonable to ask Amex to refund or stop taking payment in relation to the annual fee.*

*Similarly, I understand that Mr G puts a value on his time. But I don't think it would be reasonable to account for any inconvenience he suffered through an hourly rate. Our rules allow us to consider any distress or inconvenience as a result of an error. Having done that, I must consider that there is a degree of inconvenience that will naturally occur from a dispute that should be expected and isn't something we'd look to offer compensation for.*

*That said I do think Amex's errors cause Mr G avoidable inconvenience. He had to raise a further dispute, and this dispute wasn't handled appropriately until Mr G raised a complaint. Had Amex applied the merchant block when it first identified one was needed this would have save Mr G the time and frustration he subsequently suffered. Given this, I don't think £25 is sufficient, but I think £100 better reflects the impact of the additional effort and concern Amex's errors caused Mr G.*

*To put things right I said I would require Amex to:*

- Rework Mr G's credit card account as if the payments from the 31 July 2024 and the 30 August 2024 hadn't been processed.*
- Pay Mr G £100 compensation for the inconvenience caused.*

Amex received my provisional decision but didn't have any further comments. However, Mr G replied to say he didn't agree with my decision. He reiterated that the compensation wasn't enough and that he felt Amex's response to his issues wasn't helpful.

I'm sorry to hear Mr G remains unhappy, but I haven't seen any new information in his further submission that persuades me to change the level of compensation.

I've carefully considered all the available evidence and Mr G's further comments. But I haven't seen anything that would lead me to change my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint and require American Express Services Europe Limited to:

- Rework Mr G's credit card account as if the payments from the 31 July 2024 and the 30 August 2024 hadn't been processed.
- Pay Mr G £100 compensation for the inconvenience caused.

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

Charlotte Roberts  
**Ombudsman**