

The complaint

Mr N complains that American Express Services Europe Limited (Amex) lent irresponsibly in relation to two credit cards.

What happened

Mr N applied for an Amex credit card in May 2022 (card 1). The application data provided by Amex says Mr N gave an annual income of £46,000. Amex says it verified Mr N's income level using a service provided by the credit reference agencies known as CATO. A credit search was completed by Amex that found Mr N had a mortgage with an outstanding balance of around £158,000 and monthly repayments of £576. No unsecured debts were found on Mr N's credit file and there was no evidence of adverse credit like County Court Judgements (CCJs), defaults, IVAs or recent missed payments was recorded. Amex says it carried out a credit risk assessment and returned a Bureau score of 1294. Amex has confirmed that Mr N's application was approved with a "Super Pass" in terms of the way it applies its scoring system and a credit card with a limit of £15,000 was approved.

Amex says Mr N reduced the credit limit to £1,000 in January 2024 and then applied to increase it to £1,500 in February 2024. Amex says it carried out additional lending checks, reviewed Mr N's credit file and checked his account history before increasing his limit. Mr N later went on to repay the outstanding balance and card 1 was closed.

In August 2024, Mr N completed another Amex credit card application (card 2). In this application, Mr N said he had an annual income of £140,000. Amex says Mr N's income was verified via CATO. Amex carried out a credit search and found Mr N had a mortgage with an outstanding balance of £149,790 with monthly repayments of £579. Unsecured loans totalling around £32,000 with combined monthly payments of £1,377 were noted. The credit file also showed Mr N had another credit card with a £1,200 limit but no outstanding balance. Again, no adverse credit or recent missed payments were noted on Mr N's credit file. Amex applied its lending criteria and gave Mr N's application a Bureau score of 902. Amex approved Mr N's application and issued a credit card with a limit of £15,000.

More recently, Mr N complained that Amex lent irresponsibly in relation to both credit cards. Amex issued a final response that only dealt with card 2. Amex said it carried out the relevant lending checks before approving card 2 and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr N's complaint. They weren't persuaded the information provided by Amex showed proportionate checks were completed before approving the lending to Mr N. As a result, the investigator looked at Mr N's bank statements for the months before each lending decision. The investigator thought Mr N's bank statements showed he had sufficient disposable income available to sustainably manage the credit cards Amex approved and wasn't persuaded it lent irresponsibly. Mr N asked to appeal and said he remained of the view that his Amex cards were unaffordable and that it had failed to carry out proportionate lending checks. As Mr N asked to appeal, his complaint has been passed to me to make 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.

Before agreeing to lend or increasing the credit limit, the rules say Amex had to complete reasonable and proportionate checks to ensure Mr N could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As Mr N's complaint relates to two separate credit cards I'll start by looking at card 1, approved in May 2022. I've set out the information that Amex used when considering the card 1 application above. There appears to be some confusion about what Mr N's income was in the application at the time. I can see that the copy of the application Amex has provided shows an income figure of £46,000. But when the complaint was originally referred to us, Amex's case handler only issued the lending file for card 2 (when Mr N's income was given as £140,000). I think it's most likely that the case handler incorrectly copied the card 2 income figure when sending us supporting evidence for card 1. But given the confusion, I agree with the investigator's view that proportionate checks haven't been evidenced. As a result, I've gone on to think about what more detailed lending checks could've found. One option available to Amex would've been to review Mr N's bank statements to get a clearer picture of his circumstances which is the approach I've taken.

I would add that whilst there appears to be some confusion over the income level given in the application, the other information Amex obtained about Mr N was positive. Mr N had no other unsecured debts in May 2022 and no adverse information recorded on his credit file. Mr N's mortgage was noted and factored into Amex's lending assessment. And I'm satisfied a credit scoring process was completed that indicated Mr N was in a stable financial position. In addition, the credit scoring process gave very positive results.

I've looked at Mr N's bank statements for the three months before his application for card 1 was approved in May 2022. I looked at the income being received against regular outgoings collected by direct debit along with payments made for items like food, fuel and communications. I found Mr N's average income was around £2,700 in the three months before his application and his average outgoings came to around £2,000. I think it's fair to say Mr N's bank account appears to have been well maintained with no obvious signs of financial difficulty. Overall, I'm satisfied it's more likely than not that if Amex had looked at Mr N's bank statements in the months before his application was made it would've still agreed to proceed and issue a credit card with a limit of £15,000. I'm sorry to disappoint Mr N but I haven't been persuaded Amex lent irresponsibly when it approved card 1.

The credit limit was reduced to £1,000 in January 2024 then Mr N asked to increase it to £1,500 in February 2024. The lending data available for this credit limit increase is less detailed than the application data provided. So I've again looked at Mr N's bank statements for the three months before the credit limit increase was approved.

Mr N's bank statements show the income being received had increased at this point. Mr N's regular outgoings, as set out above, came to an average of around £2,350 a month. The average income being paid into Mr N's bank account came to around £5,800 a month. That means Mr N had around £3,480 a month remaining on average each month after covering his outgoings. Whilst I can see an increased level of gambling on Mr N's bank account, in context with his income it appears to have been manageable. Overall, the bank account was well maintained. Taking the above into account, I think it's most likely that if Amex had carried out more comprehensive lending checks it would've still approved the credit limit increase to £1,500 in February 2024.

Card 1 was repaid and Mr N went on to complete an application for card 2 in August 2024. As noted above, when Mr N applied for card 2 he gave an annual income of £140,000. Amex says the income figure was verified by CATO with a high degree of confidence. I can see Mr N's credit file shows loans totalling around £32,000. But Mr N's loans were all up to date and there was no adverse credit recorded. However, as the investigator noted, no specific evidence of the affordability assessment completed by Amex has been provided. As a result, I've looked at Mr N's bank statements for the preceding months to see what a more detailed review of his circumstances would've found.

Mr N's bank statements show that in the three months before his application for card 2 he had outgoings that averaged around £3,100 a month. And the average income received in the same period was around £5,400. That left Mr N with around £2,300 a month remaining. I didn't see anything in the bank statements provided that would've indicated he was in financial difficulties. Overall, I'm satisfied that if Amex had completed more comprehensive checks before approving Mr N's application for card 2 it's more likely than not it would've still agreed to proceed. In my view, Mr N's bank statements indicate he was able to sustainably afford a new credit card with a limit of £15,000. I'm very sorry to disappoint Mr N but I haven't been persuaded that Amex lent irresponsibly. As a result, I'm unable to uphold Mr N's complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship 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 Amex lent irresponsibly to Mr N or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 December 2025.

Marco Manente
Ombudsman