

The complaint

Mr O complains that American Express Services Europe Limited ('Amex') treated him unfairly when calculating interest due on his credit card.

Mr O wants his interest to be recalculated and his account to be adjusted.

What happened

In early June 2024 Mr O made a purchase for around £18,500 which brought his credit card statement balance to £21,199.86. Mr O typically pays his full balance to avoid interest, but for convenience Mr O paid £20,000 when his payment was due on 1 August 2024.

Mr O was shocked to see on his next statement that he'd been charged £909.12 in interest. Mr O paid a further £4,641.33 towards his credit card on 8 August 2024, which cleared his new statement balance.

Mr O complained to Amex about being charged so much interest when he'd made a large payment. Amex didn't uphold Mr O's complaint, saying they'd followed their terms and conditions.

Mr O referred his complaint to the Financial Ombudsman Service, saying he didn't think Amex had complied with their Consumer Duty obligations. Mr O asked if Amex provided him with fair value by charging him £909.12 interest on an unpaid balance of £1,199.86.

Our investigator didn't recommend Mr O's complaint be upheld. They considered Amex had acted fairly, in line with their terms and conditions and regulatory obligations.

Mr O didn't dispute the terms and conditions that applied but said Amex should have intervened to avoid causing him foreseeable harm. He said he would've paid in full if he'd known he'd be charged as much as £909.12. The matter then came to me to decide.

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 taken into account any relevant law and regulations, the regulator's rules, guidance and standards (to include the Consumer Duty), codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having done so I have decided not to uphold Mr O's complaint. I'll explain why, though I broadly agree with our investigator.

I think it would be helpful to explain the role of the Financial Ombudsman Service is to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. So it is not for this service to interfere with a firm's processes, systems or

controls nor to fine or punish a business. Those are considerations for the Financial Conduct Authority ('FCA'), as the regulator.

The Consumer Duty is a regulatory requirement for firms to put consumers at the heart of their considerations, with an overarching principle that they "must act to deliver good outcomes for retail customers." However, the Consumer Duty does not mean customers always have to get the outcome they want, or that they aren't responsible for their decisions.

Mr O says it's irrelevant to consider what other lenders are offering, when considering if Amex are providing him fair value. I disagree, as the Financial Conduct Authority would typically expect a firm to act differently if their products and services are clear poor value outliers when compared to the price and value of similar products and services. I agree with our investigator that the terms and conditions of Mr O's credit card account with Amex aren't significantly out of kilter with those offered by other credit card providers.

When considering fair value I've taken into account the benefits and limitations of Mr O's credit agreement. Mr O can borrow up to a £30,000 credit limit and collect points. Alternative payment options are available, such as the 'Plan It' option Mr O has referred me to, and Mr O can avoid interest if he pays his full statement balance.

If Mr O doesn't pay his statement balance, interest is applied from the date of each transaction until the statement balance is repaid. Amex's terms say they convert the annual simple rate for each type of transaction into a daily rate. Amex apply that daily rate to the amount owed each day for each type of transaction.

Mr O's balance became high when he made his £18,500 purchase on 8 June 2024. Mr O didn't pay his full statement balance in August 2024, and he accepts some interest was due. Mr O doesn't dispute his interest rate.

I acknowledge Mr O feels it was unfair to be charged £909.12 when his unpaid balance was £1,199.86. But I've borne in mind the £909.12 wasn't charged on Mr A's unpaid balance of £1,199.86, but on Mr A's transactions during the billing cycle. So the amount of interest was significantly influenced by the high daily balance from Mr O's purchase on 8 June 2024 until Mr O's payment on 1 August 2024. I accept the interest was an unwelcome surprise to Mr O, but I haven't found it to be unfair in these circumstances.

Mr O says Amex didn't act in good faith towards him and should have noticed he wasn't paying his statement in full as usual. Mr O says no reasonable individual would make an informed decision to pay so much interest, and Amex should have intervened to avoid causing him foreseeable harm. He doesn't feel Amex enabled him to pursue his financial objective of paying less interest. I'm grateful to Mr O for setting out so clearly why he thinks Amex have failed in their obligations.

Having given this careful thought, I don't agree that Amex needed to do more here than fairly communicate the circumstances in which interest would be charged, so that Mr O could make an informed decision when managing his account. I think Amex clearly set out details of the interest in their terms and conditions and on the statements they sent to Mr O. Amex also provide this information on their website. As Mr O was paying outside of his normal habits, I think it's reasonable to expect he might have checked what the consequence of not paying in full would be. If Mr O was unsure, he could have contacted Amex to ask. I don't agree that Mr O didn't have the opportunity to make an informed decision when managing his account.

I recognise that Mr O is very unhappy with Amex, but I am not persuaded that Amex have acted unfairly in these circumstances. I am sorry to disappoint Mr O, but that means I won't ask Amex to take any action on this occasion.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 December 2025.

Clare Burgess-Cade
Ombudsman