

The complaint

Mr T complains American Express Services Europe Limited terminated his credit card agreement and unfairly recorded a default on his credit file.

What happened

Mr T held a credit card with American Express. In August and September 2023, American Express reviewed Mr T's account and ultimately made the decision to close his credit card account. American Express gave 60 days' notice of the closure and suspended Mr T's card so he couldn't make any further purchases.

Having received no contractual payments in September and October 2023, American Express issued a notice of default on 29 November 2023, explaining Mr T had to make a minimum payment by 15 December 2023 or it would record a default with the credit reference agencies (CRAs).

On the same day, 29 November 2023, American Express sent Mr T a further letter with a formal demand for the full outstanding balance as it had now closed his account.

On 4 December 2023, American Express wrote to Mr T to say it had passed the administration of his account to a third party and that if it hadn't already registered a default with the CRAs, any failure to engage or maintain payments in accordance with an agreed repayment arrangement with the third party would result in one being recorded.

On 11 December 2023, Mr T made the payment required under the notice of default.

Following this, the administration of Mr T's outstanding balance has been handled by a third party on behalf of American Express, with a payment arrangement put in place. No payment was made in September 2024, and my understanding is no payment has been made towards the outstanding balance since.

Having received no payments since September 2024, American Express recorded a default with the CRAs in November 2024.

Mr T consequently complained. He said American Express hadn't correctly terminated his account, shouldn't have issued a notice of default and final demand on the same day and wasn't entitled to register a default.

American Express doesn't agree it's done anything wrong. It says that while Mr T made a payment in line with the November 2023 default notice, as it had closed his account, its procedure is to require payment in full. American Express said Mr T hadn't maintained the payment arrangement, so it was correct in issuing the default.

Unhappy with American Express' response, Mr T referred his concerns to the Financial Ombudsman. I previously set out my provisional findings, which I've included below:

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

I've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a courtesy to either party, rather reflects the informal nature of our service.

It's accepted by both parties American Express was entitled to close Mr T's account and from the information I've seen I'm satisfied this was a reasonable decision for it to make. So, my decision focuses on whether American Express was fair in the way it then closed Mr T's account and its decision to record a default with the CRAs in November 2024.

American Express issued a notice of default and final demand on the same day, and I think this appears to be the root of the problem. Mr T says as he made payment in line with the notice of default, it was unreasonable for American Express to later default the agreement without issuing another default notice. Whereas American Express says the final demand set out the balance was due, and its later letter of 4 December 2023 explained that if agreed payments weren't made in the future a default would be recorded.

While I appreciate this may have caused some confusion, I haven't found American Express was wrong in issuing both letters on the same day. They were separate letters, and one didn't replace the other – the fact they were sent on the same day, I think, supports this.

The notice of default set out that Mr T's account had fallen into arrears as contractual payments hadn't been made and it set out what Mr T needed to do to avoid a default being recorded on his credit file at that time.

The final demand explained that Mr T's account had now been closed, so in line with the terms of the agreement, the total outstanding balance was payable.

Had Mr T's account not been in arrears at the time of being closed, American Express wouldn't have sent a notice of default, rather would have only sent the final demand.

Following this, as explained in its letter of 4 December 2023, as American Express had asked for the debt to be repaid in full, in line with the terms of Mr T's account, if any payment arrangement wasn't maintained, it would then record a default with the CRAs.

My understanding is, Mr T stopped making payments towards the outstanding balance in September 2024, and while I acknowledge he was unhappy with American Express, I haven't been provided a clear explanation as to why Mr T ceased making payments.

As a result, I think American Express was reasonable in its decision to record a default in November 2024. It had issued a formal demand for repayment in full, and my understanding is, as Mr T wasn't in a position to do this he entered into a payment arrangement with the administrators of his debt.

From September 2024, payments then weren't made in line with the payment arrangement, and I haven't seen evidence to say American Express or the administrator were made aware of this in advance or that a request to amend the payment arrangement was made. As such, Mr T's payment arrangement wasn't maintained, so American Express was fair to record a default with the CRA's, as it had said it would do in its letter of 4 December 2023.

I appreciate Mr T says American Express should have issued another notice of default before applying the default in 2024. While I realise this won't be the answer Mr T is hoping for, I don't think American Express made an error in not doing this. There isn't any requirement on it to issue a further default; it had already explained what would happen if a

payment arrangement wasn't maintained and, as it wasn't, a default was applied. As a result, I won't be directing American Express to remove the default, as I think it was reasonable in its decision to record this.

I didn't receive a response from American Express by the deadline set in relation to my provisional findings. Mr T disagreed. He said he had no recollection of receiving the 4 December letter. Mr T also explained he stopped making payments towards the amount due as American Express was recording missed payments on his credit file and hadn't responded when he queried this. Mr T reiterated his concerns that American Express issued the notice of default and final demand on the same day, which it wasn't supposed to do.

The complaint has therefore been passed back to me, so I can issue my final 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've reached the same conclusions as those set out in my provisional findings above. I appreciate this answer will come as a disappointment to Mr T, however I won't be directing American Express to do anything further in relation to this complaint.

I've taken on board Mr T's concerns about not receiving the letter dated 4 December 2023. I can confirm this was sent to the same address as the other correspondence sent by American Express and I'm satisfied it was sent. So, while it's possible this letter may not have been received by Mr T which could be for a number of reasons, I haven't found this was due to an error made by American Express.

Turning to American Express' decision to default Mr T's account. As explained in my provisional findings, I haven't found American Express issued the formal demand on 29 November 2023, because Mr T was in arrears at the time (and also received a notice of default). Rather the formal demand was issued because of American Express' decision to close Mr T's credit card account.

Therefore, the notice of default, set out what Mr T needed to do to prevent a default being applied in November 2023. Alongside this, as a result of American Express' decision to close Mr T's credit card account, it also issued the formal demand, alongside the letter of 4 December, which set out that it would apply a default if any payment arrangement wasn't maintained to repay the outstanding balance.

I appreciate Mr T may have been unhappy with how American Express was recording his payment arrangement to the CRAs. However, as Mr T chose not to continue making payments in line with the payment arrangement, for the reasons set out in my provisional findings, I haven't found American Express was then wrong to record the account as being in default.

Therefore, while I appreciate the answer will likely come as a disappointment to Mr T, I won't be directing American Express to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 December 2025.

Christopher Convery
Ombudsman