

The complaint

Miss R complains that American Express Services Europe Limited (Amex) irresponsibly provided her with a credit card.

What happened

Amex provided Miss R with a credit card with a limit of £2,000 in March 2022.

In summary, Miss R says Amex provided her with credit at a time where she was experiencing financial difficulties with high levels of debt; information which would have been visible had proportionate affordability checks been carried out. Miss R says the limit was later reduced to £900, which she thinks shows the original limit was unsustainable. She also says the lending has had a significant impact on her finances and her wellbeing.

Amex reviewed matters but didn't uphold the complaint. In summary, it said the account was approved following a full review and verification of information provided on the application form. Miss R remained unhappy and brought her complaint to this service. Whilst the case was with this service, Miss R raised further points including that Amex had breached its regulatory obligations including the FCA's Consumer Credit Sourcebook (CONC) 5.2A and the FCA Principles for businesses; she was a student in receipt of benefits with no regular employment income and was therefore a vulnerable customer; further checks should have been carried out including income verification; and the lending decision gave rise to an unfair relationship. Miss R also said information provided by Amex in relation to the lending decision, its complaint investigation, and its decision to reduce the credit limit was unclear.

One of our Investigators reviewed matters but didn't recommend the complaint be upheld. In summary, she thought Amex carried out proportionate checks before lending and it wasn't unfair to provide the card. Whilst she thought some of Miss R's complaint related to complaint handling, which she said was something she couldn't investigate, overall she thought it had provided clear information about matters.

Amex didn't dispute our Investigator's opinion, but Miss R did and asked for an Ombudsman's decision. So, the case has been passed 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.

Firstly, I understand how strongly Miss R feels about this matter and I have taken into account all of the submissions that have been provided by both parties. However, it's important I explain that my decision will only focus on what I consider to be the crux of Miss R's complaint. This isn't intended to be discourteous, but instead it reflects my informal role in reaching a decision here.

In her submissions, Miss R has made reference to rules and guidance set out by the FCA, amongst other points, to support why she thinks Amex has treated her unfairly. When

deciding this case, among other things, I'll take into account relevant laws and regulators' rules, guidance and standards. But I'll be ultimately deciding the case based on what I think is fair and reasonable overall.

The rules and regulations in place at the time Amex provided Miss R with the card required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Amex had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss R. In other words, it wasn't enough for Amex to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss R.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Amex did what it needed to before lending to Miss R.

A copy of Miss R's application form shows she was a student and had £20,000 annual income made up of state benefits and investment and/or rental income. Amex verified Miss R's income using a third party and said the results showed that Miss R was in receipt of at least the amount declared on the application form. Amex also carried out a credit check which showed that Miss R was managing all of her current debt well, with no recently recorded issues.

Amex needed to understand whether Miss R could repay a credit limit of £2,000 within a reasonable period of time. I appreciate Miss R thinks Amex's checks should have gone further here. However, I think Amex gathered enough information about Miss R's circumstances including her income, credit history and what she owed elsewhere. Considering the income declared, which was subsequently verified, and that Miss R appeared to be managing her current debt well, I don't think there was anything in the results of the checks to suggest that the lending would be unfair to provide.

I note Miss R says she wasn't receiving employment income, and her circumstances meant that she was a vulnerable customer. However, the relevant guidance allows lenders to consider income in a variety of forms and not just salary and wages. Here, Miss R declared that her annual income was made up of benefits and investment and/or rental income. Importantly, Amex didn't just take Miss R's declaration at face value, it also sought to validate this using external sources and as I understand it, this revealed that Miss R was in receipt of at least the amount she declared.

Miss R also says she had lots of other debts at the time, including other credit cards. However, Amex's checks only revealed two loans with a combined balance of close to £500 and a combined payment amount of around £100, three current accounts and a communications account, all of which seemed to be being managed well with no recorded difficulties. I think Amex would have reasonably considered this to be indicative of Miss R's overall debt picture, and so it could only make a finding based on the information available to it. In the circumstances of this case, I don't think it was unreasonable for it to have done so.

I note Miss R says she was using her overdraft at the time. Amex says Miss R didn't use the overdraft on any current account for 12 months prior to applying. The credit check carried out didn't show any balances on Miss R's current accounts, which would corroborate Amex's

point. Though, it's unclear whether that is because there were indeed no balances, or information hasn't pulled through. But in any case, I don't think overdraft use in isolation means a lender should be precluded from providing credit. I say this especially considering Miss R appeared to be managing all her accounts well and didn't seem to be overly indebted.

I've considered Miss R's point that Amex reduced her credit limit later in the year, which she thinks showed the lending was always unaffordable. However, in considering this complaint, I need to think about whether Amex made a fair lending decision at the time based on the information it had to hand. As outlined, I think it did, and – in my opinion – its checks didn't reveal anything of concern. So, I don't think Amex's decision to reduce the limit months after the card had been opened meant that it made an irresponsible lending decision at the outset, or that the difficulties Miss R unfortunately went on to face were foreseeable.

I also understand Miss R is unhappy with the credit limit decrease because she didn't think it was sufficient forbearance at the time, and Amex wasn't clear with her about why it was reducing her limit. It's important to outline that Amex can determine what measures are appropriate when it thinks a consumer needs support with the account in line with the consumer's individual circumstances. Overall, having reviewed how Miss R was managing the account, I don't think it was unreasonable for Amex to reduce the credit limit as a means of supporting Miss R at the time.

I've also reviewed the correspondence Amex issued around the time which outlined that it had taken the decision to reduce the limit after a recent review of the account. It also explained that it made the decision based on a number of factors which may have included one or more of the following: payments and spending history with Amex, level of indebtedness to Amex and other creditors, and financial information on Miss R's credit report. Overall, I think Amex was offering Miss R forbearance by reducing her limit to what it considered a more manageable amount and, in my opinion, it gave Miss R a sufficient overview of why this decision may have been taken. Additionally, it outlined that Miss R could get in touch with it if she wanted to understand more about the decision.

Miss R has also said she thinks the information provided by Amex wasn't clear, specifically that it didn't properly inform her of the consequences of taking the card. She says the card was instead presented as routine and suitable even though she was financially at risk, and this misled her into believing she could manage the debt. However, I don't think the checks Amex carried out indicated that the credit wouldn't be suitable for Miss R, or that being provided with the card would have a detrimental impact on her. As outlined, I think the checks carried out were proportionate and revealed that the lending was likely to be affordable. So, I don't think Amex treated Miss R unfairly in this regard.

As I understand it, Miss R says Amex didn't provide clear information about how it assessed affordability when issuing the credit card, and its response to her complaint was brief and impersonal. Having reviewed the final response letter issued, Amex set out that the card was approved based on a full review and verification of the information provided on the application and set out that it recorded Miss R's income at the time as £20,000. It also outlined that all applications are subject to its usual risk and compliance checks which includes contacting credit reference agencies for additional information. I can appreciate why Miss R would have wanted more detailed information, however I think Amex did set out the information that helped it decide whether to lend or not. It also provided Miss R with referral rights to this service if she remained unhappy, which Miss R followed up with. It follows that I don't find that it did anything wrong here.

Therefore, overall, whilst I'm sorry to disappoint Miss R, I don't think Amex acted unfairly by providing her with the credit card. I've also considered 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 Miss R or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 22 December 2025.

Hana Yousef
Ombudsman