

The complaint

Miss M complains that AMERICAN EXPRESS SERVICES EUROPE LIMITED (Amex) unfairly defaulted her credit card account after she failed to make payments.

What happened

Miss M held a credit card account with Amex. The account required her to make monthly repayments towards the account balance. Miss M's account was suspended in late 2022, and Amex wrote to her in September 2022, requesting that she pay the outstanding balance on her account immediately. They explained that they make take steps to register a default on Miss M's account if the monies owed were not received.

Miss M failed to repay the balance owing within the required timescales, and she's told us that she forgot to continue making any regular repayments around this time. So, when all payments ultimately stopped in April 2023, Amex chose to default her account. Unhappy with this, Miss M complained. She said that she was experiencing some very difficult family circumstances, and this is what led her to forget to pay what was required.

In early 2025, Amex responded. They explained that payments had been overdue on Miss M's account for some time, and no payments had been made since April 2023, until such time that Miss M cleared the outstanding balance, in March 2024, and the default was satisfied. They said that their final demand letter sent in September 2022, explained that the account may default if the full balance wasn't cleared, so they maintained that they were right to report the account as defaulted to credit reference agencies (CRAs). Unhappy with Amex's response, Miss M brought her complaint to our service.

An investigator considered Miss M's complaint, but ultimately, didn't recommend it be upheld. In summary, she thought it wasn't unreasonable for Amex to have defaulted Miss M's account given the lack of payments. And while she accepted that Miss M had been through some particularly difficult circumstances; she couldn't see she had communicated with Amex throughout or tried to reach a payment plan in respect of what she owed. She also noted that Amex had a responsibility to report accurate information to CRAs. So, in the circumstances, she didn't think it unreasonable for Amex to report the default when they did.

Unhappy with the outcome, Miss M challenged the investigator's opinion. She raised several points, including, but not limited to; the investigator applying a strict right or wrong approach, rather than considering what was fair and reasonable; precedent having been set on another case where we instructed a business to remove a default based on a customer's circumstances; as well as a lack of forbearance on Amex's part.

But the investigator, ultimately, felt that didn't alter her opinion. She said Miss M had failed to inform Amex of the support she required or let them know about her circumstances. So, she remained satisfied that it wasn't unreasonable for Amex to take the course of action they did.

But Miss M remained unhappy. So, as the parties remain in disagreement, the case was 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.

Miss M has set out her position at some length, and I'd like to pass on my thanks to her for the level of detail she went into in providing this information, but I've not commented on each and every point. Instead, I've focussed on what I consider to be the crux of the matter. I hope Miss M won't take that as a discourtesy, but our role is to be an informal service and my approach here is simply to align with that purpose.

While I know this will come as a disappointment to Miss M, I agree with the investigator here for broadly the same reasons.

Looking first at the default that was registered, the guidance for businesses on the reporting of arrears is set out in the Information Commissioner's Office's "*Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*" report.

Section 4 is titled "*If you fall into arrears on your account, or you do not keep to the revised terms of an arrangement, a default may be recorded to show that the relationship has broken down*". This section explains that accounts will normally default when a customer is between three and six months in arrears.

Following the suspension of Miss M's account, Amex wrote to her in September 2022 explaining that the full balance was required to be paid. It also set out that Amex may choose to report her account as in default within 28 days if the balance wasn't cleared. So, I think Amex made clear their intentions to report the default. And when a further six months passed following the issue of the above letter, and Miss M still had not settled the outstanding balance owing on her account, I don't think it was unreasonable for Amex to report her account as in default, when taking into account the above guidance.

I can see that Miss M has argued that she didn't specifically receive a default notice, and I've thought about this. But Amex did write to Miss M to inform her that the account may default within 28 days if she failed to pay the outstanding balance immediately. So, I think she was informed. And equally, Miss M argued that she had been overwhelmed with the volume of paperwork she was receiving at the time and wasn't at her property often to review her post. So, I can't reasonably conclude, that Miss M would have done anything differently if a formal default notice had been sent.

Miss M has explained to our service that she was going through a particularly difficult time, and that she forgot to make her repayments. While I haven't noted within this decision the specific difficulties Miss M was experiencing, I have read all her comments, and I do understand that this would have been a very tough time for Miss M. I would, generally speaking, expect, in a situation like this, that a business would work with a customer to come to some kind of arrangement when made aware of such facts.

The difficulty in this instance, is that I can't see anything from the notes provided by Amex, or from Miss M's submissions, that Amex were made aware of these difficulties. And I could only expect allowances to be made by Amex, where Miss M engaged with them to inform them of the difficulties she was experiencing. So, I'm not persuaded by Miss M's forbearance argument that more should have been done on Amex's part.

Miss M has highlighted another case from our service that she feels sets precedent that fairness takes precedence over strict factual accuracy. I don't disagree with the point being made here as such, and as a service, our role is to consider, in the round, what is fair and

reasonable when taking into account all the circumstances. The case Miss M has highlighted however, while considering a default, and applying a fair and reasonable test, has somewhat different circumstances to Miss M's. Furthermore, our instruction was not, in this case, for the business to remove the default, but as with Miss M's case, it agreed that the business's decision to report the default was fair. So, the point raised here does not alter my findings on this matter.

As I understand things, Miss M has since paid off the outstanding balance owed in early 2024. If that is the case, and if they haven't already, Amex should mark that default as satisfied. However, when taking into account all of the circumstances of this case, including what Amex were made aware of, and the lack of payments towards the account; while not discounting the difficult time Miss M has been through, I can't reasonably conclude that Amex should have done more in the circumstances.

So, while I appreciate this may come as a disappointment to Miss M, I'm satisfied it was not unreasonable for Amex to report Miss M's account as in default when they did, and for these reasons, I won't be asking Amex to do anything further here.

My final decision

My final decision is that I do not uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 31 December 2025.

Brad McIlquham
Ombudsman