

The complaint

Mr L complains about the way AMERICAN EXPRESS SERVICES EUROPE LIMITED (AMEX) managed his credit card account when he notified them of a temporary change of circumstances.

What happened

The circumstances of this complaint are well known to both parties, so I won't repeat everything here. To summarise, Mr L complained that AMEX suspended his account when he asked them not to, applied a £300 annual fee to his account without his consent and defaulted his account due to non-payment when he had an ongoing complaint.

AMEX didn't uphold Mr L's complaints, as they considered the suspension had been applied in line with their internal policy and procedure when they are informed of payment capacity concerns, and Mr L was informed his account would be suspended. They later issued a further final response declining Mr L's request to waive the membership fee and confirming the late payment fees had been charged correctly.

Our Investigator reviewed matters and didn't think Mr L's complaint should be upheld. They were satisfied his account was suspended fairly and in line with AMEX's internal policy and procedure, the membership fee was valid and there was nothing to suggest AMEX should've closed the account before it was applied. As they thought the amount was legitimately due, they said AMEX had acted fairly by reporting missed payments until Mr L met the contractual payments.

Mr L didn't agree. And as no agreement was reached, the matter was passed to me to decide. I issued a provisional decision, setting out my intention to uphold this complaint. I said:

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

Account suspension

Mr L contacted AMEX in September 2024 to notify them he was out of work and ask if they could support him by reducing or suspending interest temporarily. AMEX conducted an income and expenditure review and explained as his outgoings exceeded his income, the only option available to him was their Regain programme. This involved his account being cancelled and a long-term repayment plan being managed by a third-party company. They also said this would result in a default being reported on his credit file for six years.

Unhappy with the implications of a default, Mr L didn't agree to this programme and asked AMEX to leave his account as it is. Around a week later, he received a letter confirming his account had been temporarily suspended.

It's important to clarify that the suspension placed on Mr L's account was separate to the Regain programme that was declined by Mr L. The account wasn't closed nor a default

applied. The suspension was temporary, to prevent Mr L from accumulating further debt. And I'm satisfied this was a reasonable action to take, considering the findings of the income and expenditure review.

It's not disputed that Mr L didn't agree to the account being closed. However, Mr L provided a transcript of his call with AMEX which says:

"Because now your account is with financial supporting [we'll] be putting a restriction on your account from using it, and that restriction will remain until we have the further conversation with you as well.

Brilliant. No, brilliant. No, that makes sense. That's absolutely prudent sense. No argument there."

This suggests Mr L was made aware that a temporary suspension would be applied to his account and he understood the reasons for this.

Mr L repaid his account in full shortly after and the suspension was removed from the account.

Based on the above, I'm satisfied the suspension was placed on Mr L's account fairly and in line with AMEX's internal procedure based on his circumstances at the time. And I'm unable to agree they proceeded to take action on the account that Mr L didn't authorise.

Service

Mr L complained about the service he was provided by a manager on 9 October 2025. He said the manager was rude and unprofessional, didn't listen to the call before calling him as requested, and hung up on him.

AMEX has been unable to provide a recording of this call, but the internal notes confirm the call took place and Mr L has provided us with a transcript.

Firstly, having listened to the previous call, I note Mr L was advised a manager would listen to the call where the suspension of the account was discussed and call him back. It's clear from the transcript that this didn't happen, so I can understand Mr L's frustration. Additionally, while it's not possible to determine the tone of the conversation from a written transcript, I can understand how the response "OK, well if you don't want to speak with us, that's absolutely fine", after Mr L suggested coming back to him after listening to the calls, could've come across as abrupt and unprofessional - causing him further upset. This statement clearly caused a breakdown of communication during the call, which the manager seemed reluctant to apologise for. While I can't see for certain that the manager ended the call, the last thing noted on the transcript was Mr L requesting a complaint. And had the call been disconnected, I would've expected AMEX to call Mr L back, but their internal contact notes don't show this happened.

I've also listened to the later call in November 2024. Having done so, I'm not satisfied AMEX provided a good service here either. Mr L was continually advised his complaint was closed as he'd confirmed no further action was needed, which wasn't the case. Mr L was unaware a final response had been issued to his complaint, and AMEX did not advise him of this or how he could take his complaint further if he remained unhappy. Instead, they put this back onto Mr L, asking him where he wants to take his complaint, which understandably caused him further frustration and confusion.

Additionally, during this call Mr L raised a new complaint about the application of the £300 membership fee, as he says he would've closed his account before this was applied had he known his complaint was no longer ongoing. Mr L was advised on multiple occasions that there was nothing AMEX could do and they would wait to hear from this service, although this was an entirely new and separate complaint. This call eventually ended with the adviser talking over Mr L and ending the call.

Based on the above, I don't think AMEX treated Mr L fairly or provided a satisfactory level of service during the above-mentioned calls. AMEX have now accepted this and agreed to pay Mr L £100 compensation for the distress and inconvenience caused, which I think is reasonable.

Annual Membership Fee and credit file impact

A £300 membership fee is payable for the account Mr L had, which is automatically charged to the account annually. This reflects the benefits offered by the account, such as certain points. Mr L's September 2024 statement notified him the next membership fee would be taken automatically the following month and provided a link to information regarding the membership benefits.

During Mr L's initial call, he made it clear he wanted the account to remain open and specifically asked about the impact on his points. He also asked if his points were still on his account when he called on 8 October 2024 – suggesting this benefit was particularly important to him.

I understand Mr L was extremely unhappy with the service provided by AMEX. But I haven't seen he requested for his account to be closed or gave any indication of his intention to do this once the complaint had been resolved, prior to the membership fee being applied on 28 October 2024.

AMEX issued their final response letter to Mr L's complaint on 25 October 2024, before the annual fee was applied to his account. Mr L said he didn't notice this had been received as he expected a response via letter. But he's confirmed receipt of the email and I can't hold AMEX responsible if he didn't notice this.

Based on the above, I don't think AMEX did anything wrong by applying the £300 membership fee to Mr L's account when they did. This was applied in line with the terms and conditions of the account, Mr L was notified when it would be applied, and I've seen nothing that shows he asked AMEX to close his account or made his intention to do so, once the complaint had been closed, known.

However, I'm satisfied Mr L did make it clear that he no longer wanted the account during the call that took place on 30 November 2024. He explained he had only kept it open due to his ongoing complaint. AMEX didn't advise Mr L that his account didn't need to remain open for a complaint to be considered. They also didn't inform him that if he closed the account at that time, he would've been entitled to prorated refund of the membership fee that reflected the unused portion of the membership. Given this call took place only one month into the membership, Mr L would've been entitled to a significant rebate at this point, leaving only a small amount to pay for the month the account remained open.

Had Mr L been informed of the above, I'm persuaded it's more likely than not he would've closed the account at that point and settled the much smaller balance owing, prior to proceeding with any dispute he had with AMEX.

AMEX has said that Mr L didn't close the account until October 2025 and continued to transact on the account until July 2025 – and he earned points on this use. I've considered this, but having reviewed the account statements I note only three transactions were made on the account during this time, all of which were subscriptions and one of which was disputed and credited back. So, I don't agree Mr L was actively using his card beyond November 2024. Mr L says he'd forgotten about the subscriptions, which I think is plausible. And had the account been closed in November 2024, these wouldn't have gone through.

I've also considered the points Mr L earned on these transactions, but the value these points held is so minimal, I find it would be unreasonable not to honour the rebate Mr L would've been entitled to for this reason.

Overall, I'm satisfied AMEX should've done more to explain to Mr L that the membership fee is payable should he wish to keep the account, that he was entitled to a rebate of a significant portion of the fee if he was to close the account at that time. And that this wouldn't impact his ability to pursue his complaint. Had they done this, I'm persuaded Mr L would've settled the account and closed it, which would've prevented any further subscriptions being paid, as well as the late payment fees and interest charged on his account from this point.

I'm therefore planning to say, AMEX should refund Mr L the portion of the membership fee that would've been credited back to his account had it been closed in November 2024. I find it reasonable that Mr L remain liable for the amounts debited from this account by his subscription providers, especially given he would've likely received services for these payments. However, all late payment fees and interest paid since this date should be refunded, and the adverse information recorded on his credit file from this date should be removed. As Mr L settled the account balance, interest should be added to the refunded amounts from the date of payment to the date of settlement.

Mr L has provided evidence that his application for a loan was declined following the missed payments reported on his credit file. But this isn't enough for me to be able to conclude that AMEX are responsible for Mr L being unable to access further borrowing. Multiple considerations are made by lenders following an application for credit, and there could've been other reasons for the credit application being declined. So, I'd need to see confirmation that the lending decision made was solely based on the missed payments reported by AMEX, and that lending would've been approved had that information not been there. I don't have this evidence here, so there is no guarantee that a different lending decision would've been made.

However, the adverse information reported on Mr L's credit file would've had an unfavourable impact on his creditworthiness and I don't doubt the distress this would've caused him. Especially after the difficulties he'd recently had surrounding his job, at which point he did what he could to avoid such impact. I therefore plan to say AMEX should pay Mr L a further £150 in recognition of the distress and inconvenience caused over a prolonged period of time.

Responses to my provisional decision

I invited both parties to respond with any further points or evidence they wanted me to consider before I issued my final decision on this complaint.

AMEX accepted my provisional decision. Mr L provided further points for my consideration and asked that these be reflected in my final decision. In summary, he said:

- He was told a restriction would be placed on his account which is different from a suspension. He did not consent to a suspension and AMEX didn't follow up with him

as promised, which would've resulted in the suspension being lifted sooner and the subsequent issues not occurring.

- His questions relating to points were to ascertain what AMEX had done to his account rather than an indication that he wanted to continue his membership.
- His refusal letter confirms his loan application was declined due to information on his credit file, which includes the adverse entries reported by AMEX.
- He first raised questions about the membership fee on 8 October 2024, and he was promised a call back which never occurred. Had he been informed correctly at this time, he would've cancelled his membership before the fee was applied. He therefore maintains the full amount should be refunded.

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 overall conclusions set out within my provisional decision.

It's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

I acknowledge Mr L's strength of feeling that he didn't consent to his account being suspended. But as I've explained, I'm satisfied AMEX acted reasonably and in line with their internal procedure by suspending his account when they did, based on his individual circumstances. I'm satisfied Mr L was made reasonably aware this would happen, and the suspension was lifted after Mr L settled the balance in full and notified AMEX he was back in work and no longer needed support. I therefore don't find AMEX did anything wrong here.

I've considered that Mr L says he requested a call back about the membership fee on 8 October 2024 that didn't happen, and if it did he would've closed the account then to avoid it being charged. I've listened to the calls that took place and note Mr L didn't say he wanted to close the account but did query paying a fee for the card when AMEX had stopped it. Mr L was called back the following day and the transcript I've seen doesn't show this was mentioned again. While I've acknowledged there was a breakdown of communication during this call, the membership fee wasn't charged until around three weeks later. And I'm satisfied Mr L was made reasonably aware when the fee would be applied. So, it's my view that it's reasonable to have expected Mr L to contact AMEX if he wished to close the account before the fee was applied.

Ultimately, I haven't seen anything to suggest AMEX should've been reasonably aware that Mr L intended to close the account prior to the membership fee being applied. So, I don't think they acted unfairly by applying it to Mr L's account when they did, and don't agree the full amount should be refunded for this reason.

Overall, I'm satisfied AMEX acted fairly when suspending Mr L's account and applying the

annual membership fee. However, I find they could've provided a better service to Mr L for the reasons I've explained. AMEX were made reasonably aware Mr L no longer wanted his account in November 2024. And I'm persuaded it's more likely than not had Mr L been informed he was entitled to a rebate of the membership fee, and that he could still pursue his complaint after closing the account, he would've done so. AMEX should therefore settle Mr L's complaint in accordance with what I've set out above.

I've acknowledged the adverse information reported by AMEX would've had some impact on Mr L's creditworthiness, which would've been taken into consideration by any potential lenders when he applied for borrowing. But for the reasons I've explained, I don't have enough to say this was the sole reason Mr L's loan application was declined. So, I'm satisfied the compensation set out in my provisional decision fairly reflects the impact caused by the reporting of late payments on his credit file.

My final decision

For the reasons set out above, I uphold Mr L's complaint about AMERICAN EXPRESS SERVICES EUROPE LIMITED and direct them to:

- Calculate a prorated refund of the £300 membership fee, refunding an amount equal to the unused period, had the account been closed on 30 November 2024;
- Refund all interest and charges applied to the account from 30 November 2024;
- Pay 8% simple yearly interest on each of the refunded amounts from the date of payment until the date of settlement†;
- Remove any adverse information recorded on Mr L's credit file held by any credit reference agencies AMEX report to from November 2024 onwards; and
- Pay Mr L £250 compensation for the distress and inconvenience caused.

†If AMEX considers that tax should be deducted from the interest element of my award, they should provide Mr L with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 January 2026.

Nicola Bastin
Ombudsman