

The complaint

Mr A complained about the way American Express Services Europe Limited (AESEL) responded to his claim for money back for goods and services he bought using his credit card.

What happened

Mr A is represented in his complaint. But to keep things simple I have referred to all submissions and actions taken from Mr A's representative as being made by Mr A.

Mr A bought the supply and fit of CCTV in July 2020 from a company I'll call P. He paid £4,319.99 using his AESEL credit card. Mr A said P told him the installation would take place around mid-August 2020. However, this didn't happen, and Mr A said he chased this with P several times, without success. Mr A raised a claim with AESEL under Section 75 of the Consumer Credit Act 1974 (Section 75) in December 2021.

AESEL declined the claim on 16 December 2021 and said that it didn't think the necessary debtor-creditor-supplier ('DCS') agreement was in place for a valid Section 75 claim, because the payment was submitted through a third party business (or aggregator). Mr A disagreed and said that the necessary DCS agreement existed and the involvement of a third party in the transaction didn't break the necessary agreement. AESEL sent a response in January 2022 and maintained its position and declined to consider the Section 75 claim any further.

Mr A contacted AESEL again a year later in January 2023 and said he didn't agree with the position on the Section 75 claim and said he wanted to refer his complaint to the Financial Ombudsman. AESEL didn't provide a final response to Mr A and said that it had completed its investigation into his Section 75 claim and this was confirmed in its email sent in December 2021 and January 2022.

Mr A referred his complaint to the Financial Ombudsman in November 2024.

AESEL was informed that Mr A referred his complaint to this service in December 2024. It said it didn't have a record of a complaint received by Mr A. It said that it would reopen the Section 75 claim in February 2025 and issued a final response in March 2025. This said that when it initially gave a response to the Section 75 claim, its position was correct but offered £50 as a gesture of goodwill because it hadn't raised a complaint when Mr A contacted it in 2023.

Mr A remained unhappy but waited for the outcome of the reassessment of the Section 75 claim before he referred the complaint to this service again in May 2025. AESEL said it hadn't issued its position. It said that due to the length of time that had passed it was considering the original material and as there wasn't a regulatory timeframe when a claim should be considered it appreciated Mr A's patience and said it would contact him directly.

It then wrote to Mr A directly the day after and said it accepted Mr A's claim and would refund him the amount he had paid. Mr A remained unhappy as AESEL didn't offer to pay him compound interest or compensation for the inconvenience caused to him.

Our Investigator considered the complaint and recommended AESEL pay interest at 8% and a total of £100 compensation because AESEL didn't deal with the complaint Mr A raised in January 2023. Neither party accepted the investigator's recommendations. AESEL said that it would agree to the £100 compensation but as it didn't start accepting claims involving aggregators until 2023, it offered to pay 50% of the interest at 8% simple to the date of settlement. Mr A disagreed and said that as AESEL charged its customers a higher rate of interest for borrowing he should be repaid interest at the same rate. He also argued that the value of the principal amount isn't the same when he paid for the contract in 2020 and inflation should also be taken into consideration.

There were further exchanges between this service, Mr A and AESEL to try and mediate the complaint. However, both parties didn't agree to settle the complaint and it has been passed to me for a decision.

I issued a provisional decision that said:

"I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr A and AESEL that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Under Section 75, AESEL is jointly liable for any breaches of contract or misrepresentations made by the supplier of goods or services – which is P in this case. In order for there to be a valid claim under Section 75, there needs to be a debtor-creditor-supplier ('DCS') agreement in place and the transaction needs to be within certain financial limits. I'm satisfied that the necessary requirements are met in this case.

I don't intend to go into detail about whether or not a breach of contract occurred as it's not disputed that there was a breach of contract as Mr A didn't receive the goods and services paid for. AESEL has now accepted Mr A's Section 75 claim and confirmed it will refund the amount he originally paid. I think had it correctly accepted the Section 75 claim when Mr A raised it in December 2021 it would have refunded him the transaction amount in its response dated 16 December 2021. I can also see that Mr A paid the transaction on his AESEL credit card statement, so it doesn't appear he was charged interest for this.

The remaining point of dispute is the level of interest that should be awarded to reflect the period during which Mr A was without these funds, as well as compensation for the handling of the Section 75 claim.

Mr A has suggested that the interest rate applied should match the rate AESEL lends to its own customers. I've considered this carefully, but I don't agree that this comparison is appropriate. Mr A didn't enter into a borrowing arrangement with AESEL when he repaid the transaction amount, nor did he agree to any terms that would place him in the position of a debtor. Instead, he paid a supplier for goods and services, and that supplier breached the contract. As a result, Mr A was deprived the use of his money.

I've also noted Mr A's arguments about the rate of inflation and the comparison against the retail price index, however in circumstances like this, this service typically awards interest at 8% simple per year at this moment in time. This reflects the loss of use of the funds and is consistent with the approach taken in court. Having reviewed all the arguments from both

sides, I consider it fair and reasonable for AESEL to pay Mr A simple interest at 8% from the date the claim was declined - 16 December 2021 - to the date of settlement.

Claim handling

I've also considered Mr A's concerns about how his Section 75 claim was handled. It's clear there have been delays at several stages. Mr A disputed the outcome of the claim in December 2021, but AESEL didn't reconsider its position. Mr A also raised concerns in January 2023 and again expressed dissatisfaction with the outcome. AESEL also had the opportunity to revisit the claim earlier than it did, when it was informed that Mr A had contacted this service.

I understand AESEL said it hadn't begun accepting claims involving an aggregator until 2023. However, I'm satisfied the involvement of a payment aggregator didn't affect Mr A's claim and AESEL should have assessed it correctly as this was well established when the Section 75 claim was raised. I don't think AESEL handled the claim fairly until it said it would refund Mr A in May 2025. I have also factored in that there were gaps between Mr A contacting AESEL, however, I'm persuaded there would have been a degree of frustration experienced by Mr A in having to ask AESEL to reconsider his Section 75 claim several times.

I'm not persuaded there was a valid reason why Mr A wasn't informed of the outcome of his claim until May 2025, given AESEL had the information it needed to consider the Section 75 claim and didn't ask for anything further. I think this added to Mr A's frustration. I've noted AESEL offered to pay Mr A £50 for failing to raise a complaint in 2023. Our Investigator recommended AESEL pay a further £50 for the customer service Mr A received. However, I'm more satisfied that Mr A provided enough information to consider a successful Section 75 claim, but I don't think AESEL dealt with the claim correctly or progressed the claim promptly and it had opportunities to do so. Because of this I think AESEL should pay Mr A compensation of £150.

Mr A or his representative and AESEL didn't respond to the provisional decision by the deadline.

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.

As all parties didn't respond to my provisional decision, I don't consider I've been provided with any further information to change my decision. I still consider my findings to be fair and reasonable in the circumstances.

Therefore, my final decision is the same for the reasons set out in my provisional decision.

My final decision

My final decision is that I direct American Express Services Europe Limited to:

- refund Mr A £4,319.99, if it hasn't done so already;
- apply 8% simple annual interest* from the date the claim was declined on 16 December 2021 to the date of settlement;
- pay £150 compensation in addition to the £50 it has already credited (a total of £200 compensation). American Express Services Europe Limited should note Mr A has

requested this isn't applied to his credit card account and wishes for this to be paid to him directly.

* If American Express Services Europe Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much tax it's taken off. It should also give Mr A, a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Amina Rashid
Ombudsman