

Complaint

Miss G has complained about a credit card American Express Services Europe Limited (“AMEX”) provided to her. She says that the card was provided to her despite being young and inexperienced with credit.

Background

AMEX provided Miss G with a credit card with a limit of £6,000.00 in September 2022. The credit limit on the card was never increased.

One of our investigators reviewed what Miss G and AMEX had told us. And she thought AMEX hadn’t done anything wrong or treated Miss G unfairly. So she didn’t recommend that Miss G’s complaint be upheld.

Miss G disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss G’s complaint.

AMEX needed to make sure it didn’t lend irresponsibly. In practice, what this means is AMEX needed to carry out proportionate checks to be able to understand whether Miss G could afford to repay any credit it provided.

Having carefully considered everything, I’ve decided not to uphold Miss G’s complaint. I’ll explain why in a little more detail.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

AMEX says it agreed to Miss G’s application for a credit card after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss G would be able to make the monthly repayments due on a credit limit of £6,000.00. On the other hand, Miss G says that she shouldn’t have been lent to given her existing debts at the time.

I've considered what the parties have said.

What's important to note is that Miss G was provided with a revolving credit facility rather than a loan. And this means that to start with AMEX was required to understand whether a credit limit of £6,000.00 could be repaid within a reasonable period of time, rather than all in one go.

It's important to note that a reasonable period of time isn't defined in the rules. Although, the guidance indicates that the typical term associated with repaying a fixed-sum loan of this much provides a useful yardstick. A typical term for a loan for around £6,000.00 would be somewhere around four to five years.

From the information provided, it looks like Miss G declared that she was employed and earning just around £24,000.00 a year, which it cross-checked against information from credit reference agencies on the funds that she received into her main bank account each month. Miss G also said that she was living at home with parents at this time.

AMEX's credit check did not indicate that Miss G had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her. Furthermore, the amount Miss G owed was low.

I appreciate that Miss G has said that it was irresponsible for AMEX to lend to her because of her age. However, Miss G was above the minimum legal age to enter into a credit agreement. So there wasn't a prohibition on AMEX lending to Miss G in such circumstances. Indeed, a lender applying an approach of automatically rejecting an application for finance, on this basis, without any regard to whether it was affordable is likely to be discriminatory. And this in itself is likely to mean a lender failing to act fairly and reasonably.

Nonetheless, given the amount being lent here there is a reasonable argument for saying that it would have been reasonable and proportionate for AMEX to find out a bit more about Miss G's regular living costs before offering this credit card.

However, I don't think that proportionate checks would have extended into obtaining bank statements or anything like that. I say this particularly as there is no requirement for a lender to obtain statements from a customer. In any event, I've not seen anything to indicate that AMEX obtaining further information on Miss G's committed regular living expenses at the time, is likely to have led it to conclude that she did not have the funds to sustainably make the repayments due.

Indeed, this appears to be supported by the fact that AMEX's contact notes show that at the time of making her complaint Miss G confirmed that she was struggling because she'd recently moved jobs which resulted in her income decreasing. I'm sorry to hear that Miss G found it difficult to repay her credit card and I know that she has gone through a difficult time. However, I don't think that AMEX could reasonably have anticipated that Miss G's salary would decrease in this way.

In reaching my conclusions, I've also considered whether the lending relationship between AMEX and Miss G might have been unfair to Miss G under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that AMEX irresponsibly lent to Miss G or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall I don't think that AMEX treated Miss G unfairly or unreasonably when providing her with her credit card. And I'm not upholding Miss G's complaint. I appreciate this will be very disappointing for Miss G. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind AMEX of its obligation to exercise forbearance and due consideration in collecting the outstanding balance on this credit card account. This is especially given what Miss G has now said about her circumstances and her ability to make her payments.

My final decision

For the reasons I've explained, I'm not upholding Miss G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 2 March 2026.

Jeshen Narayanan
Ombudsman