

## The complaint

Mr Y is unhappy that American Express Services Europe Limited ('Amex') recorded missed payments and defaults with the credit reference agencies, in relation to two accounts he had with them.

## What happened

The complaint circumstances are well known to both parties, so I don't intend to list this chronologically and in detail. However, to summarise, Mr Y had two separate credit card accounts with Amex. He was in financial difficulties, and Amex provided him with two separate sets of payment breaks. In November 2024, following the expiry of the second set of payment breaks, and as Mr Y wasn't able to recommence normal payments, Amex terminated the agreements. The outstanding balances were then passed to a third-party debt collection agency to act on Amex's behalf to arrange a suitable repayment plan.

Mr Y registered on the debt collection agency's website on 13 December 2024 and set up a repayment plan for his two accounts totalling £400 a month. This was below the minimum acceptable to Amex and, on 19 December 2024, the debt collection agency wrote to Mr Y to advise him that, as he was only able to make small payments, a default may still be registered. Mr Y didn't contact the debt collection agency following this, nor did he look to increase the payments he'd offered to make. As a result, Amex registered defaults on Mr Y's two accounts on 7 and 26 January 2025 respectively.

Mr Y corresponded with Amex, and, in an email dated 3 February 2025, Mr Y was advised that the minimum payments he would've needed to pay to avoid defaults being registered were £267 every 30 days to one account, and £256 every 30 days to the other.

Mr Y complained to Amex on 4 February 2025, as he didn't think he'd been treated fairly. He asked that they remove all missed payment markers and defaults from his credit file and, if this was done, then he would "*comply with the requested payments of £267 and £256 every 30 days going forward.*" Amex didn't uphold the complaint, saying they had acted reasonably and that they had an obligation to report factual information to the credit reference agencies.

Unhappy with this response, Mr Y brought his complaint to the Financial Ombudsman Service for investigation. Given all the circumstances, our investigator thought that Amex had acted reasonably by registering the defaults, and reporting these to the credit reference agencies. So, they didn't think Amex needed to do anything more.

Mr Y didn't agree with the investigator's opinion. He said that he had an unblemished payment history with Amex for nine years, and had never missed a payment before he fell into financial difficulties. He also said that he was never advised the £150 and £250 he offered were below the minimum acceptable amounts, and had he been advised of this, he would've increased the payments.

Mr Y also didn't think that the wider impact of a default on his credit file had been fully considered, as this increases the cost of borrowing at a time when his finances are already under pressure, especially given his previous "*long-standing positive payment history and*

*consistent efforts to engage and resolve the situation.*” So, Mr Y asked that this matter be passed to an ombudsman 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.

Having done so, I’ve reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven’t commented on any specific point, it’s because I don’t believe it’s affected what I think is the right outcome. 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.

In considering this complaint I’ve had regard to the relevant law and regulations; any regulator’s rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr Y had credit card accounts with Amex. These are regulated consumer credit agreements which means we’re able to investigate complaints about them.

I’ve seen that, when the payment breaks were coming to an end, and after they had ended, Amex wrote to Mr Y. They reminded him that he needed to recommence payments, that fees for any further missed payments would be charged, and that they would no longer report the accounts as having payment breaks to the credit reference agencies.

On 8 November 2024, after the second payment breaks had ended, Amex called Mr Y to get an update on the situation. I’ve listened to this call. During this call, Mr Y explained his financial position, and Amex asked if he was able to recommence payments. Mr Y said that he wasn’t in a position to do this and asked what additional support was available.

Mr Y provided Amex with updated income and expenditure figures, which confirmed he had a monthly disposable income of around £715 a month, after taking into account all outgoings including food and the costs of running a car. Amex explained they weren’t able to provide a third set of payment breaks, and that the accounts could be transferred to a long-term payment plan, with no set timescale for repayment.

The basic terms of the long-term payment plan were explained, including that the accounts would be cancelled and all interest and charges would be frozen. Amex said that, working with a partner company, who would manage the accounts on behalf of Amex, a suitably affordable repayment plan would need to be agreed. Amex also said that, providing a monthly repayment plan is agreed, they would report the accounts as being in a payment arrangement to the credit reference agencies – but if this doesn’t happen, and a suitable repayment plan wasn’t agreed, then the accounts would be defaulted, which may affect the ability to obtain future credit.

Amex also advised Mr Y to speak to the credit reference agencies, to find out exactly how entering a long-term repayment plan, with a payment arrangement being reported, would affect his credit file and potential access to future credit. Despite being given this advice, Mr Y asked Amex to progress with the long-term payment plan straight away. Amex also offered to provide Mr Y with details of debt charities and other organisations who may be able to assist him further, but Mr Y refused this additional assistance.

Following this call, Amex cancelled Mr Y’s accounts as agreed. They wrote to him to advise him that his balance remained due, that the cards could no longer be used, and that he was

being referred to a debt collection agency who would act on Amex's behalf. This referral took place in early December 2024.

The third-party debt collection agency were acting as an agent of Amex in this case, and Amex remained in ownership of the accounts and the debt owed by Mr Y – this hadn't been sold to the debt collection agency. As such, for clarity, Amex ultimately remain responsible for the actions of the debt collection agency.

The debt collection agency contacted Mr Y by text message on 9 and 11 December 2024. They also unsuccessfully tried to call him on 13 December 2024. Following this unsuccessful call, and on the same day, Mr Y registered on the debt collection agencies website where he set repayment plans for £150 on one of his accounts, and £250 on the other. This was a total payment of £400, despite Mr Y advising Amex on the call of 8 November 2024 that he had disposable income available to pay his debts with them in excess of £700 a month.

In an email dated 19 December 2024, the debt collection agency advised Mr Y *"we recognise you are trying to act responsibly by repaying your debt ... but we must advise you that because you are only able to make small payments, a default may still be registered with the Credit Reference Agencies ... the registration of a default may affect your ability to obtain credit from other lenders."*

Mr Y didn't contact the debt collection agency about this email, nor did he look to increase the payments he'd offered to make. As such, and in line with both the information provided to Mr Y in the call of 8 November 2024 and the email of 19 December 2024; in January 2025 Amex defaulted both accounts and reported these defaults to the credit reference agencies.

While I appreciate Mr Y won't agree with me on this, I'm satisfied that Amex have acted reasonably in the circumstances. Mr Y was in financial difficulties, and unable to maintain regular payments to his accounts with Amex. While he agreed to go onto a long-term payment plan, with a suspension of charges and interest, he was clearly told by Amex in the call of 8 November 2024 that failing to arrange a suitable repayment plan, and only making 'token repayments', would result in the accounts being defaulted.

I appreciate that Amex didn't explain in this call that a minimum of 2% of the outstanding balance would be required every 30 days, but I don't think this would've stopped Mr Y from asking to go onto a long-term repayment plan – he wasn't able to maintain regular payments and he'd explained the stress and financial pressure the monthly interest was causing him. So, given that the repayment plan removed this interest pressure, I'm satisfied that Mr Y would've opted for this, regardless of what the minimum payment was.

The debt collection agency also didn't tell Mr Y what the minimum payment was. However, I need to consider that Mr Y didn't reply to their text messages or missed call. And, had he done so, and had he spoken to them to offer a total of £400 a month for the two accounts, I'm satisfied that they would have advised him this was below the minimum acceptable payments so as to avoid a default.

As Mr Y didn't engage with the debt collection agency, instead opting to visit their website and set up a payment plan without any discussion of the potential impact of doing this, I think the debt collection agency acted reasonably by writing to Mr Y to advise him he was only making small payments and that doing so risked defaults being registered. And, while this email didn't say what Mr Y needed to pay to avoid the account defaulting, it was clear that he wasn't offering enough to stop this happening. The email provided Mr Y with a telephone number and email address if he wanted to discuss this further, and Mr Y made no attempt to contact the debt collection agency about the amount he was paying.

Therefore, given the information and warnings Mr Y had been given, I'm satisfied that Amex acted reasonably by defaulting his accounts when they did. So, I won't be asking them to remove any adverse entries from Mr Y's credit file, and I won't be asking them to reverse or remove the defaults.

### **My final decision**

For the reasons explained, I don't uphold Mr Y's complaint about American Express Services Europe Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 16 February 2026.

Andrew Burford  
**Ombudsman**