

The complaint

Mr S is unhappy that American Express Services Europe Limited (“AmEx”) charged interest on his credit card balance when he did not pay the full statement balance by the due date, as he considers this interest-charging method to be unfair.

What happened

Mr S holds a credit card account with AmEx. Under the terms of the account, an interest-free period applies to purchases if the full statement balance is paid by the due date each month. Where the full statement balance is not paid, interest is charged on transactions in line with the account terms.

In late 2024 and early 2025, Mr S did not pay the full closing balance shown on his monthly statements by the relevant due dates. AmEx therefore applied interest to his account. Mr S became unhappy when he realised that, once the interest-free period had been lost, AmEx charged interest on each purchase from the date it was made until that purchase was paid in full and did not treat individual purchase amounts as remaining interest-free simply because his partial payments were equivalent to those amounts.

Mr S raised a complaint with AmEx, explaining that he considered it unfair that interest was charged in this way and that he believed interest should only have been applied to the remaining unpaid balance after his payments were made. AmEx responded to Mr S but didn’t feel that they’d done anything wrong and explained that interest had been applied in accordance with the terms and conditions of the card agreement, which set out how interest accrues when a statement balance is not paid in full. Mr S wasn’t satisfied with AmEx’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that AmEx had treated Mr S unfairly as he believed was the case and didn’t uphold the complaint. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for final decision.

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.

Mr S believes that AmEx has charged interest to his account using an unfair methodology. However, the Financial Ombudsman Service is not a regulatory body or a court of law, which means that I do not have the authority to require a business to change how it structures or operates its products. Instead, in scenarios such as this, my role is to consider whether a business has acted fairly and reasonably in providing information about the terms of an agreement and in how they’ve then applied those terms.

In this case, that means assessing whether AmEx made its interest-charging methodology sufficiently clear to Mr S at the point he applied for and used the account. If I feel that AmEx did so, then I will consider Mr S to have accepted that methodology by choosing to enter into and continue using the agreement.

The terms and conditions of Mr S's account explain that an interest-free period applies to purchases only if the full statement balance is paid by the due date each month. The terms go on to make clear that where the full balance is not paid, interest is charged on purchases from the date they are made until they are paid in full. This means that the interest-free period applies at the level of the statement balance, and not separately to individual purchase amounts. Notably, this information is also provided on the monthly account statements and is this available for Mr S's review.

In the months Mr S is unhappy about he did not pay the full statement balance by the due date. As a result, the interest-free period did not apply for those months, and AmEx were entitled under the terms of the account to charge interest on purchases from their transaction dates until they were repaid. I have seen nothing to suggest that AmEx misapplied these terms or calculated interest incorrectly.

I understand that Mr S feels it is unfair that interest was charged in this way, particularly where he had made substantial payments which he considers should have covered individual purchases. However, while I appreciate why this might not have been what Mr S expected, it is not what the account terms provide for. And I feel that information about how AmEx charged interest on the account was fairly made available for Mr S in both the account terms and on the account statements.

All of which means that I won't be upholding this complaint or instructing AmEx to take any form of action. This is because I'm satisfied that AmEx acted in line with the agreed terms and that information about those terms was made available for Mr S. I appreciate this will not be the outcome Mr S was wanting, but I hope he will understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 May 2026.

Paul Cooper
Ombudsman