

The complaint

Mr T complains American Express Services Europe Limited unfairly defaulted his credit card account. Mr T also complains about the service he's received from American Express and its agents.

What happened

Mr T held a credit card account with American Express. In December 2023, Mr T spoke with American Express to explain his circumstances had changed and he therefore wasn't able to maintain his contractual payments.

It was agreed Mr T would be placed onto American Express' 'Regain program', whereby his account would be managed by a third party which I'll call "N". (For clarity, N was acting on behalf of American Express in its dealings with Mr T. So, for the purposes of this complaint, I'll also be considering the actions of N, as an agent of American Express).

In December 2023, American Express explained to Mr T that in moving his credit card to the Regain program, his account would be cancelled, and a payment plan would be agreed. American Express also said based on an income and expenditure Mr T completed at the time, as his outgoings exceeded his income, considering any payment plan that would be agreed, the account would also be defaulted, which would then be reported on Mr T's credit file for six years.

When contacting N in January 2024, Mr T became aware he'd been set up on the wrong payment plan, meaning he wasn't able to set up a payment arrangement. Mr T consequently raised a complaint about this error, which had resulted in late payments being recorded on his credit file.

American Express then moved Mr T's account to the correct repayment programme, apologised for the error, paid £100 compensation and confirmed it would remove the late payments from his credit file for December 2023 and January 2024.

Mr T then spoke with N in February 2024 and asked how much he'd need to pay each month to ensure no adverse information was recorded on his credit file. Mr T says the agent said he'd need to make payments of at least £57 to 67 per month to avoid a default being recorded. Mr T says he consequently set up a payment arrangement for £160 to begin in March 2024.

Checking his credit file in April 2024, Mr T became aware American Express had defaulted his credit card account in March 2024. Mr T raised a further complaint, that he'd been given the incorrect information on how much he needed to pay to avoid a default being recorded to his credit file.

American Express responded to say Mr T had been told he'd need to make a minimum payment of £657.77 per month during the February 2024 call. As he hadn't done this, American Express said it had correctly recorded a default as the account was in arrears and

would remain so. American Express paid Mr T a further £100 to apologise for any inconvenience and delays in responding to some correspondence.

American Express didn't change its answer when Mr T raised his concerns in August 2024, so he referred his complaint to the Financial Ombudsman. Mr T said he was concerned American Express or N had edited the call from February 2024, in which he asked how much he'd need to pay each month to prevent a default on his account. Mr T says had he been told the correct amount, he would have ensured he made the required payments to avoid a default being recorded.

One of our Investigator's looked into what happened. She acknowledged that American Express had made errors but considered it had taken reasonable steps to put things right. In relation to Mr T's concerns the call recording had been doctored, our Investigator said she didn't have sufficient evidence to demonstrate this, and the evidence supported Mr T had been given correct information on what he'd need to pay to avoid a default. As this amount hadn't been paid, our Investigator didn't think American Express was unreasonable in defaulting the account when it did.

Mr T disagreed with our Investigator's opinion. He said he'd been proactive in trying to agree a repayment plan and American Express & N had provided poor support. Mr T said the impact on him personally and financially had been significant.

As the matter wasn't resolved, the complaint has been passed to me 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.

I've given consideration to the relevant rules and regulations applicable to this complaint. I appreciate I've summarised this complaint in far less detail than the submissions I've received and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service. I do however want to reassure all parties that I've carefully considered everything that has been provided before deciding this complaint.

Having done so, I appreciate this won't be the answer Mr T is hoping for, but I've reached the same conclusions as our Investigator for broadly the same reasons. I won't therefore be directing American Express to remove the default from his credit file.

Setting up of payment plan

All parties accept that American Express has made errors, for example it initially placed Mr T on the wrong payment plan, and he only became aware of this when trying to arrange a payment with N in January 2024. This appears to have been as a result of human error, regardless I appreciate this would have been frustrating for Mr T, when then trying to make a payment towards his account.

Based on Mr T's circumstances in December 2023, American Express said that the only support it could offer was the regain program, which would include his account defaulting. This was in part because at the time Mr T's outgoings were greater than his income.

So, had American Express not made an error in setting up Mr T's payment plan, I think most likely a payment arrangement would have been agreed, and Mr T's account would have

defaulted in the following months, due to the fact contractual payments wouldn't have been maintained.

However, as American Express made an error, the amount of a payment plan wasn't agreed in December 2023, rather this was set up in February 2024, with the first payment due to be taken in March 2024.

In reviewing this complaint, I think the crux of the complaint comes down to Mr T's desire to agree a payment arrangement and avoid adverse information being recorded on his credit file. While I appreciate that would be a key priority for Mr T, having listened to the call he had with American Express in December 2023, I think it was clear in explaining that the support it could offer was its Regain program and this would include the account defaulting.

So, while American Express did make an error in setting up the payment plan, I find it took reasonable steps to rectify this when made aware of the error so that Mr T could then set up a payment arrangement.

February phone call

Mr T has raised concerns that N on behalf of American Express gave the incorrect advice on how much he'd need to pay to avoid a default being recorded on his credit file in February 2024. Mr T has raised further concerns that American Express then doctored this phone call, so as to cover this up.

This is a serious allegation and while I've taken on board everything Mr T has submitted to our Service, I haven't seen conclusive evidence to say the call was doctored or that he was given the incorrect advice.

I've listened to the call and have found the advice Mr T was given was clear, that to avoid his account defaulting he'd need to make a minimum payment of £657.77. The actual figure was only mentioned once, but I haven't found any ambiguity in that figure or anything to suggest the call has been edited to manipulate this figure. I would note the advisor also offered to set up the payment plan during that call, and Mr T opted to set up the plan later online.

In the call Mr T asked that the advisor email him to confirm this figure and it's disappointing to see this didn't happen. I would however note that Mr T set up his payment plan of £160 a month, on 2 March 2024 and N emailed him on 7 March 2024 to confirm this had been accepted and that due to the size of the monthly payments his account would proceed to be defaulted.

Mr T responded to N on the same day to query this and was clear he wanted to avoid adverse information being recorded on his credit file. Again, it's disappointing to see N didn't respond for nearly two weeks, despite Mr T sending chasers and by this point American Express had proceeded to default the credit card account.

However, as I'm satisfied Mr T was given clear information on how much he'd need to pay to avoid a default being recorded and as a payment plan was set up for less than this, meaning the minimum required amount wasn't paid, I haven't found American Express was unreasonable in proceeding to default the agreement and report this on Mr T's credit file from March 2024.

I appreciate Mr T has also explained the negative impact the default has had, such as when looking to remortgage. I'm sorry to hear of this, however as I find American Express was reasonable in its decision, I can't say it must then remove the default.

Customer service

Taking into consideration the service Mr T received, I agree this should have been better. I don't doubt it would have been frustrating to encounter the challenges he did while trying to be proactive in setting up a payment arrangement for his credit card balance.

For the reasons explained above, I don't however find that these errors resulted in American Express unreasonably defaulting the account. This isn't to say that the overall experience will have been frustrating for Mr T. American Express has paid £200 to recognise this and I do find this to be in line with how our Service awards compensation for the problems such as those experienced by Mr T. I don't then find that it must pay further compensation.

Conclusion

In conclusion, I do find the level of support Mr T received in setting up a payment plan should have been smoother, and this journey will have likely caused frustration along the way. That being said, had nothing gone wrong, I find Mr T is likely to have ended up in the same position, being that he looked to agree a payment plan for the outstanding balance and that ultimately American Express defaulted the agreement. Therefore, while I appreciate this is unlikely to be the answer Mr T is hoping for, I find American Express' payment of £200 compensation reasonable in the circumstances. Therefore, I won't be directing it to do anything further in relation to this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 March 2026.

Christopher Convery
Ombudsman