

Complaint

Mr M has complained about a credit card American Express Services Europe Limited (“AMEX”) provided to him.

He says he shouldn’t have been provided with a credit card which had such a high credit limit as it was unaffordable for him.

Background

AMEX provided Mr M with a credit card with a limit of £10,200.00 in September 2020. The credit limit on the card was never increased.

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

Mr M disagreed and asked for an ombudsman to look at his 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 Mr M’s complaint.

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

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 Mr M could afford to repay any credit it provided.

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 Mr M’s application for a credit card after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr M would be able to make the monthly repayments due on a credit limit of £10,200.00. On the other hand, Mr M says that he shouldn’t have been lent to.

I've considered what the parties have said.

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that AMEX was required to understand whether a credit limit of £10,200.00 could be repaid within a reasonable period of time. It's important to note that a reasonable period of time isn't defined in the regulator's rules.

Although, the associated guidance indicates that the typical term associated with repaying a fixed-sum loan of this much provides a useful yardstick. I think it's fair to say that a typical term for a loan for around £10,200.00 would be around five to seven years.

From the information provided, it looks like Mr M declared that he was employed and earning £26,000.00 a year. I understand that AMEX's credit check didn't indicate that Mr M had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgements. Having seen the results of this check it appears as though Mr M's existing unsecured debt (i.e. excluding his mortgage and hire purchase) was low.

Mr M did have unsecured credit accounts but most of them had nil balances. This suggested that Mr M was managing his existing lines of credit reasonable. Most importantly of all, I think that it would be fair to say that there wasn't anything in the credit check which obviously showed that AMEX shouldn't have lent to Mr M.

That said as Mr M was given a credit limit of £10,200.00, I do think that there is a reasonable argument for saying that it would have been reasonable and proportionate for AMEX to have found out a bit more about Mr M's regular non-discretionary living costs before agreeing to this credit card.

However, I'm not persuaded that AMEX doing this here would have made a difference to its decision to lend. I say this because the information Mr M has provided on his living expenses at the time of this application suggests that he would have sufficient funds left over to be able to afford the monthly payments to this credit card. In these circumstances, I can't see that requesting further information about Mr M's actual living costs, would have shown AMEX that it shouldn't have provided this credit card to him.

In reaching my conclusions, I've also considered whether the lending relationship between AMEX and Mr M might have been unfair to Mr M 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 Mr M or otherwise treated him 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.

So overall while I'm sorry to hear that Mr M found making his credit card payments a struggle and went on to experience difficulty, I don't think that AMEX treated Mr M unfairly or unreasonably when providing him with his credit card. And I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or

reject my decision before 23 February 2026.

Jeshen Narayanan
Ombudsman