

The complaint

Mr K complains that American Express Services Europe Limited (Amex) unfairly recorded late payment markers against his credit file while he was on a payment break.

What happened

Mr K holds a credit card account with Amex. In late 2024 - as a result of what appears to be some financial difficulties - Mr K missed his October and November payments. A discussion took place with Amex, and to support Mr K, Amex agreed to place a payment break on his account for the months of December 2024 – January 2025. During this time, no fees or interest would accrue, and Mr K wouldn't be chased for payments.

In early 2025, Mr K discovered that his credit file was reflecting missed payments for the period the payment break was in place, so, he complained.

Amex responded. Their original final response letter (FRL) however, didn't seem to address the concerns Mr K had raised. So, unhappy with the response, Mr K brought his complaint to our service.

Since the complaint was referred to us, Amex clarified their position on the matter and accepted that they'd failed to adequately inform Mr K that late payment markers would be reported to Credit Reference Agencies (CRAs) for the duration of the payment break. As a result, they agreed to remove any late payment markers for the duration of the break, and instead – for these months - reported the account as in an arrangement. They said the missed payments for October and November would remain however, as these were an accurate reflection of how Mr K's account was maintained for those months.

An investigator considered Mr K's complaint. He noted Amex had since accepted there were shortcomings in the information provided to Mr K on the call they had with him, and he thought that as a result, Amex were right to remove the late payment markers. But he agreed with Amex that an arrangement should be reported, as this was the most accurate reflection of the account's status. He also thought Amex were right to record the missed payments prior to the arrangement, as again, this was an accurate reflection of how the account had been managed. He did acknowledge however that this matter would've caused Mr K some distress, so he recommended that Amex pay Mr K £100 by way of compensation.

Amex accepted the investigator's findings. But Mr K didn't. He said that had he known an arrangement would be reported on his credit file, he would have found other ways to make payment; and he thinks that the offer of £100 is nowhere near enough to compensate him for the distress this matter has caused. He thinks a figure of £3,000 to £5,000 would be more appropriate in the circumstances.

So, as no agreement has been reached by the parties, Mr K's complaint has now 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.

Mr K has set out his position at some length, and I'd like to pass on my thanks to him for the level of detail he went into in providing this information, but I've not commented on each and every point raised. Instead, I've focussed on what I consider to be the crux of the matter. I hope Mr K won't take that as a discourtesy, but our role is to be an informal service and my approach here is simply to align with that purpose.

Looking first at the missed payments in October and November 2024, it doesn't seem to be in dispute that it was reasonable for Amex to have reported negative information for these months, given, Mr K by his own admission had confirmed these month's payments weren't made. But for completeness, given that the payments weren't made, I'm satisfied it was reasonable for Amex to report negative information to CRAs for these months.

Turning next to the issue of missed payments being reported against Mr K's credit file during the payment break, it might be useful to point out that this practice is not uncommon. And generally speaking, in circumstances where full payments aren't being made towards an agreement, this would be reflected on a customer's credit file. That being said, given that a payment break, or payment holiday, was agreed, I would expect a business to make it clear to a customer that late or missed payments may be reported to CRAs for the duration of that break.

In this case, Amex accept they didn't make the above information clear and have agreed to remove the late payment markers from Mr K's credit file. So, I don't need to make a finding here as such. But again, for completeness, I agree this was the right thing to do in such circumstances, and I'm pleased to see that Amex have agreed to remove the late markers for the duration of the payment break. While I agree that it's not right – in these particular circumstances – for Amex to report late or missed payments, I've thought about what should be reflected on Mr K's credit file.

Due to some financial difficulty, Mr K entered into an arrangement whereby he was not required to make payments for a three-month period, also known as a payment break or payment holiday.

The Information Commissioner's Office (ICO) sets out the principles for the reporting of arrears, arrangements and Defaults at CRAs. So, I've considered these principles when deciding this complaint.

The key section to consider here is section 3, titled:

“3. If you offer or make a reduced payment, how it is reported will depend on whether it is agreed with the lender.”

It sets out the following:

“Agreed reduced or revised payments

.....If, due to financial difficulty, your lender agrees a reduced or revised payment with you, this will be reflected on your credit file. How revised or reduced payments are shown on your credit file will depend on whether it is a temporary or permanent change to the agreement. The account may or may not be in arrears at the time of the change.

It goes onto say:

.....Should a temporary reduction in the payment amount be jointly agreed between you and your lender, this 'arrangement' will be recorded at the CRAs.

This may also occur if there is a temporary change in terms (that is not part of the product) such as a payment holiday or change to interest only.

In Mr K's circumstances, while I accept it wasn't fair to record late payments - given the lack of clarity provided to Mr K on this point, equally, I don't think it would be accurate to report the payments as being made on time for those months, given that no payments were actually being made towards the agreement during the break.

The ICO guidance above, sets out clearly, that in instances such as a payment holiday, an "arrangement" will be recorded with CRAs. And this is what Amex have agreed to do here. So, in the circumstances, I think this was fair.

Mr K has argued, that had he known there would be any impact to his credit file, including having an 'arrangement' recorded, he would have made other arrangements that ensured there was no impact. But while I accept there were shortcomings in the call between Amex and Mr K, Amex did write to Mr K following their conversation. And the email sent, confirmed Mr K's enrolment into the payment break, and went onto set out details of that break, and what would happen.

The email states, amongst other things, that:

"We will inform Credit Reference Agencies that you are in a temporary payment arrangement for the duration of the Payment Break".

So, while I accept there may have been some shortcomings in the information provided on the phone call between Mr K and Amex, the correspondence sent to Mr K following that call, sets out clearly how the matter would be reported to CRAs. And this is what Amex did, which was in line with both their terms, and the ICO's principles.

So, while I appreciate Mr K is unhappy with how his payment break has been reported, in summary, I'm satisfied it has been reported correctly in line with the ICO guidance, and that Mr K was adequately notified of this at the time the payment break was arranged.

Based on the above, while I'm satisfied that Amex's reporting to CRAs was accurate, and that Mr K was adequately notified, I do think for a period of time he was under the impression there would be no impact to his credit file. But also, I'm satisfied this was soon corrected when Amex emailed Mr K following their conversation and clearly explained that such a plan would be reported with CRAs as an arrangement.

This would however I think have caused Mr K some distress, to find out about this, shortly after having been told something else. But given how quickly this issue was resolved, in the circumstances, I think the investigator's offer of £100 compensation to put things right here, adequately compensates Mr K for the impact of Amex's failings in the circumstances.

So, while I appreciate this will likely come as a disappointment to Mr K, I'm satisfied that removing the missed payment markers for the months of December 2024 – 2025; reporting his account as in an 'arrangement' for the duration of that break, and paying him £100 compensation for the impact of the shortcomings in the phone call, is an adequate way to resolve matters in the circumstances. So, for these reasons, I won't be asking Amex to do any more than this.

My final decision

My final decision is that I uphold Mr K's complaint. If they haven't already, American Express Services Europe Limited (Amex) should put things right for Mr K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 March 2026.

Brad McIlquham
Ombudsman