

The complaint

Miss S complains American Express Services Europe Limited defaulted her credit card account.

For ease, I'll refer to American Express and its agents, as American Express in this decision.

What happened

The background to this complaint is well known to both parties, so I haven't repeated it at length here. Miss S held a credit card account with American Express. In January 2024, Miss S contacted American Express to explain her circumstances had changed and she was therefore looking for support in repaying the outstanding balance.

American Express said it was able to offer Miss S its 'Regain program', whereby her account would be cancelled, meaning no further interest or charges would be applied. Miss S could then set up an affordable payment plan to repay the outstanding balance. Miss S queried how this might impact her credit file and was advised that American Express would report details of the payment plan, but as long as an agreed payment arrangement was maintained, it wouldn't record a default.

Following this, Miss S agreed to enter the Regain program. In February 2024, Miss S set up a payment plan online of £50 per month, with the first payment due to be taken in March 2024. Following this, American Express emailed Miss S on 29 February to confirm the payment plan had been set up, but due to the size of the repayments, it would proceed to default her account.

Miss S consequently complained. She was unhappy American Express had reported a default on her credit file. Miss S said she'd proactively looked to agree a repayment plan and having done so, said American Express was unreasonable in defaulting her credit card account.

American Express doesn't agree it's done anything wrong. It says it made Miss S aware that her account could be defaulted and due to the amount of the monthly repayments Miss S offered, it was correct in its decision to default the agreement.

Unhappy with American Express' answer, Miss S referred her complaint to our Service. One of our Investigator's looked into what happened and didn't think American Express had acted unreasonably. She thought American Express had offered reasonable support once Miss S made it aware of her change in circumstances. And due to the size of the monthly repayments, it was reasonable to default the account.

Miss S disagreed with our Investigators opinion. 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 considered the relevant rules and regulations applicable to this complaint 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've started by reviewing whether I think American Express offered fair support when Miss S made it aware of her change in circumstances. If a firm such as American Express is made aware its customer may be experiencing financial difficulties, I'd expect it to treat them fairly and sympathetically.

Here, Miss S was proactive in looking to manage her finances as she was aware her income would be reducing. In the circumstances, I think the plan American Express offered was reasonable; it meant the credit card would be cancelled meaning the outstanding balance wouldn't increase. Added to this no further interest or charges would be applied, meaning Miss S was only required to repay the outstanding balance and as she'd had the benefits of these funds I think it's reasonable American Express asked that she repay this. American Express explained it would then be for Miss S to agree an affordable repayment plan, which again I find appropriate in the circumstances.

I can appreciate Miss S was concerned about what impact any payment plan may have on her credit file. American Express is expected to record an accurate reflection of account management and payments to credit reference agencies (CRAs), so I don't think it was unreasonable in saying it would report details of the payment arrangement to CRAs.

In relation to whether American Express would record the account as being in default, it explained that as long as Miss S maintained an agreed repayment plan, it wouldn't default the account. It however also explained that if Miss S didn't maintain her repayments or only set up a plan for token payments, the account would be defaulted.

I appreciate American Express didn't define the amount of a 'token payment' when initially discussing the payment plan, and this would have perhaps been helpful. However, this can be different for each customer due to their total outstanding balance. So, I wouldn't have expected the advisor to have this readily available, and during this call the focus was on providing a plan that met Miss S' financial circumstances and was affordable, rather than trying to avoid a default.

Miss S submitted her payment plan proposal online which was to repay the balance at £50 per month. So, I haven't seen that there was further discussion about what American Express would consider an agreed payment plan or token payment.

American Express responded in writing to say it had accepted Miss S' proposal, however due to the size of the repayments, in comparison to the total outstanding amount, it would continue to default her account. American Express has shown that this is in line with its internal policies, so while I realise this won't be the answer Miss S is hoping for, I don't think it made an error in then defaulting the agreement.

I appreciate Miss S has explained that due to her circumstances at that time she wasn't able to go back to American Express. However, in considering the steps American Express took, I haven't found it did something wrong. It confirmed it had accepted Miss S' proposal and explained that due to the size of the payments it would default the agreement and then proceeded to do this.

In conclusion, while I appreciate this won't be the answer Miss S is hoping for, I haven't found American Express was unreasonable in its decision to default her credit card account. While I acknowledge Miss S was proactive in looking to set up a payment plan, as she was

no longer making payments in line with the terms and conditions of the account, I don't find American Express was wrong to terminate the account in the manner it did.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 March 2026.

Christopher Convery
Ombudsman