

complaint

Mr C complains that American Express Services Europe Limited reversed and recharged to his credit card account a chargeback it had previously made on his behalf, which it told him had resulted in a “permanent credit” on his account.

background

Mr C wanted to secure entry to a private function for two friends. The person on the door told him there were no individual tickets available, and he would have to pay for a table for eight people. He agreed, and signed an authorisation on his American Express credit card without checking the cost. He did not make use of the table or the facilities that came with it. When his card statement came through, he found that he had been charged 15,450 Euros.

He complained to American Express, who initially placed the amount in a suspense account. On 20 December 2011, it emailed him to say it had charged the full amount back to the merchant *“therefore the suspension previously applied to your account has been replaced with a permanent credit”*.

However, on 14 February 2012, American Express wrote to him to say that the merchant had now supplied the authorisation he had signed and so it had been necessary to re-debit his account with the amount charged previously.

The adjudicator recommended that this complaint should be upheld in part. She considered that faced with the documentation produced by the merchant, American Express had no option under the chargeback rules but to pay the merchant. However, by telling Mr C that a *“permanent credit”* had been made to his account, it had given him the impression and expectation that the matter had been resolved and the money had been returned to him on a permanent basis.

American Express had previously credited Mr C with 5,000 Avios points, as a gesture of goodwill. Following the adjudicator’s recommendation, it now agreed, in addition, to pay £100 to Mr C for the distress and inconvenience the wording of its email of 20 December 2011 had caused him.

Mr C responded to say, in summary, that the fact that American Express had to pay the merchant when it disputed the chargeback was its issue. However it should not be able to reverse its decision to make a permanent credit to his account.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The issue I have to decide is whether, given the wording it had used, American Express was still entitled to debit Mr C’s account when its initial chargeback was successfully disputed by the merchant. The general position under English Law is that a statement of this nature is not sufficient to prevent American Express from later debiting the money, although there would be a limit to the number of years after the statement for which this could be done.

In deciding what is fair and reasonable in any situation, our rules require me to take into account, amongst other things, the legal position. With some hesitation, therefore, I have

concluded that it would not be reasonable to require American Express to forego its right to debit this amount to Mr C's account.

However, given the amount involved, and the effect on Mr C, I consider that the proper amount of compensation for the distress and inconvenience American Express caused him, taking into account the Avios points it has already credited to him, is £250.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of it, I order American Express Services Europe Limited to pay Mr C compensation of £250.

Lennox Towers
ombudsman