

complaint

Mr T complains, in summary, that American Express Services Europe Limited blocked and closed his charge card account without warning, and that its customer service was unsatisfactory.

background

Mr T complained that his charge card was blocked without warning and then later closed. Mr T complained that he was given misleading advice as to whether his card had been cancelled or not, and he did not feel that American Express had provided adequate reasons as to why it closed his card.

our adjudicator's view

The adjudicator concluded that American Express did not act reasonably in declining a transaction and then blocking Mr T's charge card on the basis of a Credit Industry Fraud Avoidance Scheme ("CIFAS") warning alone. He recommended that American Express should pay Mr T £50 compensation for distress and inconvenience caused by the declined transaction and blocked card on top of the £100 it had previously offered for providing misleading information and poor customer service.

American Express disagreed with the award of an additional £50 compensation. It responded to say, in summary, that it had acted correctly in declining a transaction and placing a block on Mr T's account for security purposes, and that it had not made an error.

Mr T disagreed, and responded to say, in summary, that the total award of £150 compensation was inadequate. He said that American Express had wrongly cancelled his card due to a CIFAS warning, that it had passed information to a third party without his consent, that his contract had been terminated without explanation and that its agents had harassed him for money which was not due. He also said that American Express should be punished to deter such behaviour in the future.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr T and to American Express on 5 July 2013. I summarise my findings:

I noted the adjudicator's view regarding the declined transaction and blocking of Mr T's charge card. In view of Condition 25.1 of the account terms which said that American Express may stop a customer using a card for security reasons, I agreed with American Express' view that it was entitled to decline Mr T's transaction and put a block on his card based on the existence of a CIFAS warning.

Mr T complained that American Express had provided information to the debt collection agency, but I noted that Condition 17.14 of American Express' account terms ("the account terms") said that it can disclose information to collection agencies. So I did not consider it had made an error in doing so.

Mr T also said that American Express had terminated his account without explanation. Condition 27.8 of the account terms said that it may close the account immediately in the

event of default. American Express has explained to Mr T that he was in breach of Condition 4.1.11, so that it was entitled to terminate his account immediately.

Mr T also said that American Express was incorrect to pass his account to debt collection agents as his balance was not due. But I note that Condition 11.1 of the account terms said that payment was due immediately upon request, and Condition 26.1 said that American Express may treat the account as in default if a customer had failed to comply with its obligations under the agreement. American Express said that Mr T was in breach of Condition 4.1.11. So, I considered that American Express had acted in line with its account terms in passing Mr T's account to its debt collection agents who were entitled to ask Mr T for the outstanding balance which had become due as a result of circumstances envisaged by Condition 26.1.

I also found that American Express had failed to respond substantively to Mr T's complaint for over two months, so I found that it should pay Mr T £50 compensation for his time and trouble caused by its poor complaint handling. The payment of £50 compensation was in addition to its previous offer of £100 compensation.

After taking into account the underlying causes of the complaint and all available submissions, I considered that a total payment of £150 compensation by American Express for the distress and inconvenience caused to Mr T was fair and reasonable in the circumstances of this complaint.

Subject to any further representations by Mr T or American Express, my provisional decision was that I was minded to uphold this complaint in part. In full and final settlement of it, I intended to order American Express Services Europe Limited to pay to Mr T £150 compensation.

American Express said that it was prepared to settle the matter in accordance with my provisional decision.

Mr T responded to say, in summary, that there was no CIFAS mark against his name and provided a copy of his credit report from April 2013 to confirm this. He also said that he should be awarded compensation of £2,500 in line with the Court of Appeal decision in *Ferguson v British Gas* (2009).

my findings

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

Mr T said that there was no CIFAS mark registered on his credit report in April 2013, but warnings can remain on the CIFAS database depending on how long a fraudulent activity continues. As American Express blocked Mr T's card on the basis of a CIFAS notification in August 2012, it is possible that the warning could have been removed by April 2013. But if Mr T would like more information about the CIFAS warning, I suggest that he contacts CIFAS (see www.cifas.org.uk for more information).

Mr T also said that he should be awarded compensation in line with a Court of Appeal decision. But the awards we recommend are generally quite modest and are not assessed in the same way as the courts. Should Mr T not accept my final decision, however, then any

rights he may have to take action against American Express through the courts remain unaffected.

In the circumstances I find no basis to depart from my earlier conclusions. I remain of the view that the settlement set out in my provisional decision remains a fair and reasonable outcome to this complaint.

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 to Mr T £150 compensation.

Roslyn Rawson
ombudsman