

## **The complaint**

Mr B complains that American Express Services Europe Limited (AESEL) closed his credit card account and cancelled the direct debit. He also complains that the management of his account was passed to a debt collection firm.

## **What happened**

Mr B says that in summer 2023, he decided he didn't want to use his AESEL card anymore. He said he had around £1,000 outstanding on the account and so set up a direct debit to repay £125 a month.

In September 2023, Mr B says he was notified that his account was closed and had been passed to a collection agency. He also said he discovered later that his direct debit had also been cancelled.

Mr B added that he had a business card with American Express too – which related to the company he worked for. This company went into liquidation. Mr B says he updated AESEL with this information and he said he made it clear that this situation wouldn't affect his ability to repay his personal account.

Mr B says this has all affected his mental health. He says that by AESEL cancelling his direct debit, this has put his account into a position of default which wasn't necessary. Mr B adds that he is concerned about how this might affect his credit rating.

AESEL responded to Mr B's complaint but didn't uphold it. It said it had cancelled Mr B's account in line with the terms and conditions. It also referred to the terms and conditions to say that it could outsource the management of the account to an external agency.

An Investigator considered what both parties had said but they didn't uphold the complaint. They felt that AESEL had acted in line with the terms and conditions of the account when it took the decision to close it and to pass it onto a debt collection agency. As a result, they didn't ask AESEL to do anything more for Mr B.

Mr B didn't agree with the outcome the Investigator reached. He said that when he contacted AESEL by phone, he made it clear that it wouldn't be necessary to place his personal account into any special measure. He let it know that he would continue to make regular payments to the account of more than the minimum amount due – which happened until AESEL cancelled the account and the direct debit. Mr B adds that the debt collection agency has provided him with no means to settle the account despite repeated requests from him to pay off the account.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

## **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'll start by saying that I've noticed Mr B's complaint is somewhat ongoing. I can only consider matters that Mr B initially complained about. That means my decision will purely consider if it was fair and reasonable of AESEL to close Mr B's account and refer the outstanding debt to an external collection agency.

Mr B has provided this service with information relating to the very challenging time he has had since the liquidation of his company. I am truly sorry to have read about the difficulties Mr B has faced since. In reaching my decision, I don't wish in any way to downplay or disregard the situation Mr B is in. But being independent means, I have to take a step back and consider what both parties have said. I can only ask a business, like AESEL, to put something right, where it has done something wrong. And I don't find that AESEL has done anything wrong in this case. It follows that I don't uphold Mr B's complaint and I've explained why below.

I have copied an extract from the terms and conditions of Mr B's account that are relevant to his complaint:

*"...we may end this agreement immediately if:*

*..*

- Steps are taken to make you bankrupt or to make you the subject of any form of debt relief process;*
- you breach another agreement you have with us or another of our group of companies"*

Mr B was a director of a company, that has unfortunately, now dissolved. Mr B's company also has an account with AESEL. AESEL say that it closed Mr B's personal account due to the liquidation/bankruptcy of his business account. I can see Mr B doesn't agree with this point, as he himself isn't bankrupt, nor is he personally subject to any form of debt relief – his business is.

Even if I were to accept what Mr B has said here, there are other reasons stated in the terms and conditions that would allow AESEL to close Mr B's account with immediate effect.

This is where a customer breaches another agreement they have with AESEL, which I think applies in this case. It appears that the agreement relating to the business account was breached – given that repayments weren't made to that account. And Mr B was jointly liable to make those repayments. So, I don't find that AESEL did anything wrong in closing Mr B's personal account without prior notice. To be clear here, I make no comment on AESEL's actions in relation to what happened with the business account – as it has already been explained to both parties that this service doesn't have the jurisdiction to consider this complaint.

As a side note, the terms and conditions of the account also say that AESEL can close an account without providing reason, where it gives two months' notice. I find it likely the account would be in the same position it is now, even if AESEL had provided notice – given that it's unlikely the balance would have been cleared in full by the time the account had closed. And so, it's likely the account would still have been closed with a remaining balance, which would have been passed to a debt collection agency.

On 26 September 2023, I can see AESEL sent Mr B a letter letting him know that his account had been cancelled, the full balance was due to be repaid and that the account had been passed to an external debt collection agency. AESEL have referred to the section of

the terms and conditions which allow the management of it to be outsourced to a third party. This is fairly common practice in the industry, and I don't find that it was unfair or unreasonable of AESEL to have done this in the circumstances.

Mr B says that AESEL cancelled his direct debit without warning which left his account in a position of default. The letter I've referred to above confirmed that the debt collector would now be responsible for collecting the debt on behalf of AESEL. In these circumstances, it is fairly normal for the direct debit with the lender to be cancelled while a repayment arrangement is made with the debt collector. The letter said that the debt collector would be in touch to arrange repayment and it also provided the debt collector's contact details should Mr B wish to get in touch. I don't find AESEL's actions here to be unfair or unreasonable. I am aware Mr B had some difficulties in contacting the debt collector – I haven't considered these issues as part of this complaint, as some of the more recent issues Mr B has encountered would need to be raised in a new complaint.

I note Mr B says that he told AESEL that it wouldn't be necessary to take any action relating to his personal account, as he intended to continue making overpayments to repay the remaining balance. While I don't dispute what Mr B has said here, or his intentions to repay what he owed, for the reasons I've already outlined above, I don't think AESEL has acted unfairly here in either closing his account or passing the management of the account over to a debt collection firm. So even though Mr B had provided his assurances relating to his personal account, I don't find that it was unfair of AESEL to have taken the actions it did.

### **My final decision**

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 September 2024.

Sophie Wilkinson  
**Ombudsman**