

The complaint

Mr F complains that American Express Services Europe Limited (AESEL) (Amex) unfairly closed his credit card account after asking him to provide information. He wants Amex to reopen his account and give him the reasons it closed his account.

Mr F is also unhappy that Amex sent him a default letter when he'd cleared the balance on his account and the service he received when he contacted Amex.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr F applied online and opened an Amex credit card account, in February 2023 because he wanted to take advantage of a promotional offer which would have entailed the crediting of 20,000 nectar points to Mr F's account had he spent more than £2,000 using his Amex card during the first three months. Amex gave Mr F a credit limit of £15,000.

Mr F has explained that after he received his Amex card, he spent just over £3,000 on his account in less than a week. Following this, Amex decided to review Mr F's account and asked him to provide two months' payslips or bank statements. Amex blocked Mr F's account whilst it completed its review.

Mr F responded to the request and sent Amex an email with his bank statements for December 2022 and January 2023. He also explained that he was self-employed so couldn't provide payslips. He told Amex that he had made this clear when he applied for the account, and that his income was more than enough to be able to make any payments and maintain the account. When Mr F received the request, he also cleared his account balance of just over £3,000.

On 9 March 2023, Amex wrote to Mr F to let him know that following its review, it had decided to close his account immediately due to concerns that Mr F maybe unwilling or unable to pay his debt. The letter also incorrectly said that Mr F's account was in default, despite having a zero balance.

Mr F has explained that he was very upset and worried when he received the letter – especially as he had cleared the balance of his account. He said he was frightened as the letter mentioned debt collection and said that he'd be referred to credit reference agencies. Mr F called Amex to try and find out what was happening with his account, but Mr F says Amex wouldn't give him much information about why his account had been closed and the advisor he spoke to was rude to him.

Mr F complained to Amex. In response, Amex said that the letter it sent Mr F was a standard automated generated letter. It apologised for any trouble and upset the letter had caused Mr F and acknowledged that there wasn't an outstanding balance on Mr F's account. Amex said it hadn't done anything wrong when it had closed Mr F's account and had done so in line

with the terms and conditions. Amex said it wasn't able to listen to the call recording of the conversation Mr F had with the advisor he said was rude to him, so it upheld this part of Mr F's complaint.

Unhappy with this response Mr F brought his complaint to our service. He said Amex had closed his account unfairly and explained that he suspected Amex's decision had something to do with how he'd managed the payments to his account – because he'd cleared his balance and Amex therefore weren't making any money out of him. Mr F said he wants his Amex account reinstated and a proper explanation from Amex about why it blocked and closed his account. He also said he'd been upset by the letter Amex sent him threatening him with debt collection.

One of our investigators looked into what had happened and asked Amex to explain why it had closed Mr F's account. Amex said that it had carried out a credit review of Mr F's account after he'd spent just under £3,500 in four days. Amex said that as part of its review it asked Mr F for information, but the information Mr F provided didn't satisfy its credit team that he would be able to repay his debt or that his income was what he'd told them when he applied for the account. So, it decided to close Mr F's account immediately in line with the terms and conditions.

After reviewing everything, the investigator said that Amex hadn't treated Mr F fairly when it had closed his account immediately. She also said that Amex had provided Mr F with poor service when it sent him a default letter, and when he called Amex. So, she said Amex should pay Mr F £150 compensation for the trouble and upset he'd been caused.

Mr F agreed with the investigator's view. However, he later said he wanted more compensation for the trouble and upset Amex' actions had caused him. Amex disagreed. In summary Amex said:

- It had reviewed the bank statements Mr F had submitted and it wasn't satisfied that they demonstrated Mr F had enough verified income to repay his debt regardless of whether or not Mr F had repaid what he owed.
- It had closed the account in line with the terms and conditions.

As no agreement could be reached the matter has come to me to decide. After reviewing all the evidence, I came to a different conclusion to the investigator. I issued a provisional decision setting out my thoughts which said the following:

I can understand it would have been upsetting and no doubt came as quite a shock for Mr F to learn his credit card account was to be closed and no explanation given by Amex why that was. While not trying to minimise the upset and frustration this no doubt caused Mr F, under the terms and conditions of Mr F's account, Amex can close an account without providing a full explanation why. And it is under no obligation to consult with a customer before doing so. That's because Amex is entitled to close an account with Mr F just as he is entitled to close his account with them. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. I've looked at the terms and conditions and they state that Amex could close

Mr F's account immediately and by giving him at least two months' notice. I've seen the notice to close email that Amex sent Mr F in March 2023, which told Mr F it had closed his account immediately.

For Amex to act fairly here they needed to meet the criteria to apply their terms for immediate closure – these include if Mr F repeatedly fails to pay minimum payments on time, if he seriously breaches the agreement, and if Amex has reasonable grounds to believe Mr F would be unable to pay his debts when due.

Amex has said its credit review team undertook an internal risk assessment which included asking Mr F for information about his income. Amex has said that it closed Mr F's account because based on the information Mr F provided it couldn't confirm Mr F's income was in line with his account application. I appreciate Mr F disagrees with Amex. He says he earns more than enough to be able to repay any money owed. And that his bank statements don't show all of his income, which he says is actually in excess of what he stated in his account application. But I don't accept this means Amex wasn't entitled to do what it did.

Having considered Amex's actions, I think it followed its processes and I am satisfied that the results of its risk assessment review gave it reasonable grounds to close Mr F's account immediately. So, I don't find Amex treated Mr F unfairly when it closed his account, and I won't be instructing Amex to reopen Mr F's account as he would like here.

I understand of course why Mr F wants to know the exact reasons behind Amex's decision, other than what he's previously been told. And I can see that Mr F has asked Amex to explain itself on several occasions. But Amex doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr F the reasons, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr F this information. And it wouldn't be appropriate for me to require it to do so.

However, it's clear to me that Mr F didn't receive a reasonable standard of service from Amex surrounding the closure of his account.

Mr F has said that he was upset by comments made by Amex during a phone call. He's explained that he found the advisor rude. Amex has said it thinks it is unlikely that its staff would have been rude and as they are trained to deal with difficult conversations and it's likely that Mr F grew frustrated at not being given additional information about why Amex had decided to close his account and took this as rudeness. Unfortunately, a recording of this call hasn't been provided. In the absence of any other evidence to contradict what Mr F has said, like the investigator, I think it's fair to rely on Mr F's comments. The investigator thought Amex should pay Mr F £50 compensation for the upset he was caused. I think this is a fair and reasonable way to resolve this aspect of Mr F's complaint, so I won't be asking Amex to do anything more.

When Amex decided to close Mr F's account it wrote to him to let him know. However, the letter it sent to Mr F was a default notice and that his account may be referred to a debt collection agency. Mr F has said he was upset and confused to receive the letter, especially as at the time he didn't owe anything on his account. And Mr F's account wasn't in default. I can understand the letter must have come as quite a shock to Mr F and was distressing for him. I note that Amex has apologised and explained that the letter was automatically generated by its systems. But I don't think this goes far enough. And so, my provisional decision is that Amex should pay Mr F £100 compensation for the trouble and upset caused by the default letter.

My provisional decision is that I partly uphold this complaint. To put things right American Express Services Europe Limited (trading as Amex) should pay Mr F £150 compensation for its poor service.

Mr F didn't respond to my provisional decision. Amex did and said it disagreed. In summary it said:

- It's regrettable that there are no call recordings available on the day Mr F rung Amex. However, according to their contact notes Amex don't have any indication that Mr F was unhappy with the agent's manner. And whilst it understands Mr F was unhappy with the decision to close his card account – this does not mean he received poor service.
- Amex issues a default notice in fulfilment of requirements of the Consumer Credit Act (CCA) prior to cancellation of a card account when a consumer is in breach of the Card agreement. There is no provision within the CCA to omit issuing a Notice of Default where a consumer may not owe a balance at the time of issue. Amex accepts that Mr F's account balance at the time was zero.

Now both sides have had an opportunity to comment I can go ahead and issue my final decision.

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.

In response to the provisional decision, Amex has raised a number of concerns, which I'll now address below.

Mr F has said that he was upset by comments made by Amex during a phone call. He's explained that he found the advisor rude. Amex has said it thinks it is unlikely that its staff would have been rude and has said it hasn't got any evidence that suggest Mr F was unhappy with the service it provided when he called them.

It is unfortunate that Amex don't have the call recording. Whilst I take on board Amex's comments in response to my provisional decision, in the absence of any other evidence to contradict what Mr F has said, I think it's fair to rely on Mr F's comments. I note too that it seems Amex upheld this part of Mr F's complaint when it responded to his complaint, which I don't think it would have done if it didn't think there was a problem with the service it had provided when it spoke to Mr F. The investigator thought Amex should pay Mr F £50 compensation for the upset he was caused. I remain of the view that this is a fair and reasonable way to resolve this aspect of Mr F's complaint.

Amex has also said that it didn't do anything wrong when it sent Mr F a default notice – it's said that the CCA doesn't omit the issuing of a notice where a consumer may not owe a balance. And it has agreed that Mr F didn't owe Amex any money so wouldn't have been in default.

I've already set out in my provisional decision that I don't think Amex did anything wrong in closing Mr F's account as there was an indication that Mr F may have struggled to maintain his account based on the information, he provided Amex. I understand the point Amex is seeking to make here in relation to the CCA – however, sending a default notice to Mr F who didn't owe anything isn't in the spirit or intention of the CCA. So, I don't think it was appropriate in the circumstances to send Mr F a default notice.

I can understand the letter must have come as quite a shock to Mr F and was distressing for him. I note that Amex has apologised and explained that the letter was automatically generated by its systems. But I don't think this goes far enough. And so, as set out in my provisional decision Amex should pay Mr F £100 compensation for the trouble and upset caused by the default letter.

In summary, I see no reason to depart from my provisional findings. I remain of the view that this complaint should be upheld in part for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've explained, my final decision is that I partly uphold this complaint.

To put things right American Express Services Europe Limited (trading as Amex) should pay Mr F £150 compensation for its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 June 2024.

Sharon Kerrison
Ombudsman