

## **The complaint**

Mr D complains that his account with American Express Services Europe Limited (AESEL) trading as American Express was locked after he entered the CVC code incorrectly three times. He's unhappy that the system didn't warn him that he would be locked out of his account after three attempts.

## **What happened**

Mr D holds a Preferred Rewards Gold Credit Card with American Express. He logged in to the American Express mobile app in order to redeem points for a gift card. On checkout, Mr D was asked to enter his card security number. As Mr D was in a different country and didn't have his physical card with him and couldn't remember the number, he tried different variations of the number, all of which were incorrect. This led to his account being locked after three attempts.

Mr D complained to American Express. He said there'd been no warning message that the account would be locked after the second attempt.

American Express didn't uphold the complaint. In its final response it said that Mr D's account had been locked because he'd entered the CVC code incorrectly three times. It said the security of customer accounts was of the utmost importance and that its systems were designed in such a manner that if any verification question was entered incorrectly the system locks the account in order to safeguard the customer against unauthorised or fraudulent activities.

Mr D remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said that this service couldn't tell a business how to operate its security measures. She also said that whilst she appreciated Mr D's concerns that the business should have provide customers with clearer communication about the consequences of entering the CVC code incorrectly, this wasn't something that was within the remit of this service.

Mr D didn't agree. He said that where incorrect security information is repeatedly entered, websites generally provided warnings to notify the customer of the risk of being locked out of their account. Mr D said he understood the need for security measures, but his complaint was about the failure to clearly communicate the security processes to users, particularly regarding multiple failed attempts leading to account lockout.

## **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 know it will disappoint Mr D, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is

relevant. If I don't comment on any specific point its not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr D has said that his complaint isn't about the fact that he was locked out of his account, but about the lack of communication regarding lockout where there have been several incorrect attempts to enter the CVC. Mr D has made the point that in some circumstances, a business will issue an on screen warning after a certain number of incorrect attempts that the account will be locked.

I understand the frustration and inconvenience that Mr D was caused when his account was locked. And although he's said that his complaint isn't about the businesses' security measures, its important that I say that I would expect a business like American Express to have robust security measures in place to protect customers from fraud. This service can't tell a business what security measures it should have in place - only the Financial, Conduct Authority as the regulator can do that - but we can look at whether the security measures have been followed correctly.

In this case, Mr D was locked out of his account after three incorrect attempts at entering the CVC. Based on what I've seen, American Express has followed its security procedure correctly. So I'm unable to say that it made an error here. And I don't think it was unfair or unreasonable, in circumstances where there had been three incorrect attempts at entering the CVC, for American Express to lock the account.

I've thought about whether American Express should've warned Mr D that his account would be locked after a certain number of incorrect attempts. The issue of a warning (or not) in these circumstances would be part and parcel of the businesses security process, and as I've explained above, a businesses security measures and the way in which they operate these is outside of the remit of this service. So I'm not in a position to say that American Express should've issued a warning or notification after a certain number of incorrect attempts.

Mr D has said that American Express had a responsibility under the Consumer Duty to ensure that consumers receive a fair outcome. He says he didn't receive a fair outcome because he had no way of knowing that his account would be locked after the third attempt. I've thought about this but I don't agree with Mr D that the Consumer Duty extends to a requirement on American Express to disclose its security processes to customers in advance. Security measures include business sensitive information, and it would potentially compromise those measures if they were public information.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 December 2024.

Emma Davy  
**Ombudsman**