

The complaint

Miss R complains American Express Services Europe Limited (AESEL), “AmEx”, reduced the credit limit on her credit card without notice – and then their poor data administration and customer service led to the credit card being unfairly closed.

What happened

I issued a provisional decision setting out what’d happened, and what I thought about that. I’ve copied the relevant elements of this below, and they form part of this final decision.

Miss R raised two complaints against AmEx. They’ve recorded her concerns as she’s unhappy with the suspension of her account, and that she’s being targeted.

AmEx said her account suspension isn’t a targeted action against her. It’s part of their commitment to adhering to the regulators rules which require them to carry out regular reviews of customers’ accounts to ensure they can continue to afford the credit provided. They referred back to an email they’d sent to Miss R on 14 November 2023 and asked her to complete the instructions.

Miss R’s second complaint is noted as she’s unhappy AmEx have suspended her account. AmEx said they’d acted correctly in suspending her account.

Miss R asked us to look into things, saying the credit limit was reduced from £20,000 to £16,000 without notice which almost caused the account to go over its limit (as AmEx reduced the limit down to close to the existing balance). She says AmEx told her the reason for this was a change in her lending power, but this has always been excellent and her income hasn’t changed. She says AmEx asked for proof of income by the way of bank statements, but then lost them and still closed the account. Miss R explained their poor data administration and customer service meant they didn’t deal with the complaint she actually raised. And, as a result of the account being closed without warning, her and a young family member were stranded hundreds of miles from home.

After our Investigator was assigned, Miss R also let us know her account had been passed on to a debt collector, and said she was being threatened daily about this. She says she was also told on the phone AmEx would see if they could reactivate the account as they had 120 days to do so.

Our Investigator upheld the complaint – he said AmEx should:

- *Take the account back from the debt collector, remove any negative information that otherwise wouldn’t have been applied, and reinstate the account on the previous terms*
- *Pay Miss R £300*

Miss R didn’t accept this, in summary she said:

- *There was no valid reason for the account closure, and this violates her consumer rights under the Consumer Credit Act 1974 which mandates fair and transparent treatment in credit agreements*
- *The documents requested by AmEx were sent and received. The mishandling of the email reflects poor data management and violates the principles of General Data Protection Regulations (GDPR) which requires accurate and timely handling of personal data*
- *Charges were continued to be added to the account during the suspension*
- *When her account is restored, the credit limit should be restored to £20,000*
- *As a result of the issues with her credit file, Miss R says she was unable to get good value lending – such as a credit card with 0% interest for 12 months.*
- *Miss R mentions she has multiple disabilities, which meant the impact on her was greater*

In her emails, Miss R has referred to various laws, and also previous decisions issued by our service and / or the courts – and ultimately says the amount of compensation should be £15,000.

AmEx replied, and said they couldn't reinstate the account, but accepted everything else.

Having reconsidered matters, our Investigator removed the requirement for AmEx to reopen the account – but did require them to work with Miss R to agree an affordable repayment plan. AmEx said Miss R could reapply, but there was no guarantee she'd be accepted. AmEx accepted this, but Miss R didn't. She said:

- *She had a conditional loan offer of £100,000 for her business which was dependent on a credit file review. This took place and was then rejected.*
- *There was a phone call where AmEx said they could reinstate the account within 120 days which hasn't been addressed.*
- *AmEx were aware her financial situation hadn't changed, so the closure of her account lacked any policy or legal rationale. She also mentioned her account was active, and can't be closed until the balance is zero, so said the account can be reinstated.*

Miss R also set out decisions she'd reviewed of ours, the impact this had on her personal and professional life, and what she thought was needed to resolve matters.

In terms of the issues Miss R has mentioned, I should note that I'm not considering anything to do with the charges that continued to be added during her account suspension. This is something being handled under a separate complaint. I'm also aware a further chargeback issue is being dealt with under another complaint – this decision also doesn't address that issue. Finally, Miss R has also raised some concerns regarding the actions of the debt collector – these also don't form part of this complaint, and she can raise those concerns separately if she hasn't already.

What I've provisionally 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.

As a starting point, I feel I should explain consumers aren't automatically entitled to credit from any lender. Each lender will have its own criteria, and as AmEx said, this is something the regulator requires them to review on a regular basis to ensure their existing customers

can continue to afford the credit granted. In addition, any lending decision must be made for fair and non-discriminatory reasons.

I've not listed out all of the rules and regulations Miss R has written about. The key reason for that is because they all, broadly, require AmEx to treat Miss R fairly. And, fundamentally, that's my remit – to decide things on a fair and reasonable basis.

I thank Miss R for explaining the impact on her. I haven't though mentioned the details intentionally, as this decision is published on our website – but I want her to know I have taken them into account.

The information I have shows AmEx emailed Miss R on 14 November 2023, told her they'd temporarily suspended her credit card, and they needed her to provide some documents.

AmEx's notes say Miss R called up on this day to raise a complaint. A further call was made by AmEx on 16 November 2023 where Miss R advised she'd been stuck at a petrol station because of the block with her young family member – and the credit limit was reduced on 20 November 2023. On 4 December 2023, AmEx wrote to Miss R and told her the account would be closed in 60 days and remained suspended so she couldn't use it. AmEx showed Miss R called them again on 14 December 2023, unhappy with the cancellation as she'd sent the statements. They then asked for statements dated 26 October and 26 November 2023 to be sent to them which the notes show she refused to do.

I understand how inconvenient it must have been for Miss R to have her credit card declined at the point-of-sale terminal when she didn't know it'd been suspended – particularly given she had a young family member with her. But credit cards (and debit cards) aren't always guaranteed to be accepted.

In addition, the terms and conditions of the account allow AmEx to suspend the account usage with notice either before, or immediately afterwards – and that's what happened here.

So, although Miss R's account was suspended without notice I don't think AmEx did anything wrong on this point.

The terms and conditions also allow AmEx to end the agreement they have with Miss R. The terms refer to giving Miss R 60 days' notice, which is what they did on 4 December 2023 – so at face value they didn't do anything wrong in closing the account either.

But when they suspended the account they asked for information to decide whether to lift the suspension. Miss R has evidenced she sent them the information they asked for. So, I find it very disappointing AmEx wasn't able to locate the email and didn't accept Miss R's comments that she'd sent it.

I can see during our Investigators review of things they accepted they probably had received the email – but this really is something they should have properly looked into, and accepted, when considering Miss R's complaint.

I can see from the email Miss R sent it seems to have contained everything AmEx had asked for. So, I need to consider what most likely would have happened if AmEx had actually processed the information she gave them.

Helpfully, our Investigator asked these very questions to AmEx, who provided a detailed answer, in short:

- The credit limit wouldn't have been reduced

- *Most likely the account would have been released from review without concern as Miss R had a good history with them*

AmEx I think have also accepted if they had correctly processed Miss R's information, they wouldn't have passed her account over to the debt collector.

In the circumstances, I'll be partially upholding this complaint – I explain more as a summary below.

Summary

Miss R has raised a large number of issues in this case. So, I'll address them under separate headings.

Suspension of the account

For the reasons I've explained above, I won't be upholding this part of Miss R's complaint.

Closure of the account

I will be partially upholding this part of Miss R's complaint, but I won't be telling AmEx to reopen her account with them.

I've explained above why I think AmEx made an error in not accepting Miss R had sent them the information they'd asked for. And they've confirmed they'd have left her account open and not reduced her credit limit. In the circumstances, this is clearly an error.

But, AmEx also offered Miss R the option of fixing this error, by providing them with up to date statements – which she refused to do. AmEx made an error, but mistakes can and do happen – so then we'll look at what the financial business did to put things right. In offering to still review the information, I don't see what more AmEx could have done. It was Miss R's choice at this point to not co-operate with AmEx's request. It's clear from the phone calls I've listened to how incredibly frustrated she was – and I think with justification given they did lose her first email. But I'm satisfied AmEx presented a fair solution at that time, which Miss R chose not to accept.

I've noted Miss R's comments about the account not being closed because it doesn't have a zero balance, so the account is still open and it can be reinstated. But I'm afraid that's not quite how it works.

Ultimately it's AmEx's call on whether they wanted to reopen the account or not – unless I find they'd acted completely unfairly. Taking into account what Miss R says as well about AmEx being able to reopen the account after 120 days – I suspect AmEx could reopen an account if they wanted to even after that time. But, for me to require AmEx to reopen the account, would mean I'd have to be satisfied they'd made an error – and done nothing to rectify that error.

AmEx did make an error, but then offered a solution to that error – which Miss R chose not to take up. So, although I'll be awarding compensation for AmEx's errors, I won't be requiring them to reopen the account.

Impact on the credit file

I understand Miss R's frustration here, as from her point of view she's not done anything wrong. And, to be clear, I'm not saying she has as my remit is to consider what AmEx have done.

As I've found above, AmEx did make a mistake, but offered an option to put that issue right. The impact on Miss R's credit file would, in my opinion, have been resolved if she'd given them the information she asked for. Because of that, I can't reasonably say they're responsible for any impact to her credit file.

Impact on Miss R's attempt to get lending

Similarly to the above, as AmEx offered a solution which Miss R chose not to accept, I can't reasonably hold them responsible for the impact to the credit file – and Miss R is linking her inability to get credit to the impact on her credit file. So, I won't be upholding this element either.

I should also add for completeness that, even if I found AmEx were entirely responsible for Miss R not being able to get credit (which, as I've explained above, I'm not), this wouldn't apply to her business application. The application was for a limited company, which is a separate legal entity to Miss R herself. So, I couldn't have taken that into account when looking at her personal complaint.

The mishandling of Miss R's documents

I agree with Miss R's concerns here. I can't though investigate what happened to the documents Miss R sent. AmEx have said when searching their records there is no evidence of them having been received. But Miss R's evidence quite clearly shows she did send AmEx the email. So, I'll be upholding this element of her complaint and factoring it in to the compensation.

If Miss R did want a further investigation, she could contact the Information Commissioners Office. They might be able to investigate AmEx's actions on this point further.

Previous decisions by our service / the courts

I have noted Miss R has referred to previous decisions by our service – and by the courts. When talking about our previous decisions, I've not been able to locate any of them using the references she's provided – so I'm unclear on where exactly she's getting them from.

But, each case has to be decided on its own merits. Miss R is making a very substantial claim – but it's a claim I don't fully agree with as I've explained above.

Compensation

Miss R has shared with us the details of her health which I appreciate. I've factored in what she's told me into deciding what compensation I think is fair.

What I'm awarding compensation for essentially boils down to two issues:

- *AmEx restricted Miss R's account for around two and a half weeks, and then decided to close it*
- *Losing her paperwork*

I realise Miss R will talk about the impact being considerably more significant than this. But, as I've explained above, I'm looking at when AmEx took actions to try and put things right.

The initial issue started on 14 November, and as they hadn't received the documents when requested, closed the account on 4 December 2024. When Miss R called up ten days later, they said they'd be prepared to reconsider if she sent them the relevant statements – which she chose not to do. So, I'm effectively only compensating for the short period of time where Miss R had sent the statements initially, but AmEx said they didn't get them.

Taking everything into account, including that Miss R's concerns about being told the account could be reopened within 120 days, I'm satisfied £300 is a fair and reasonable outcome in this case.

I also agree AmEx should take the account back from their debt collector, and work with Miss R to agree an affordable repayment plan. This is because the account wouldn't have been passed over, if AmEx had properly dealt with Miss R's initial email.

I've not seen any negative impact on Miss R's credit file for the period I'm upholding this complaint for – but if Miss R disagrees she can provide me with the evidence to consider.

Responses to my provisional decision

Miss R didn't accept my outcome – and repeated many of the previous points she'd raised – focusing in large part on the £100,000 business loan she says AmEx cost her. She also felt me apportioning responsibility on to her, after AmEx had made a mistake, set an unjust precedent.

AmEx ultimately accepted my outcome.

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.

Although I've simply said Miss R repeated many of the points she's previously raised, I do want her to know I've read through them very carefully.

As I find I've addressed most of them already, I won't go over them again. I will talk about the £100,000 loan briefly – as I want Miss R to understand where I'm coming from on this point.

The £100,000 loan was an application she was making in her limited company's name. As an individual and a limited company are separate legal entities, I couldn't have awarded compensation for this – even if I thought AmEx caused the issue – which for completeness I don't think they did.

The main new point I find Miss R has raised is she's said the suggestion of AmEx's request for further information after losing her submissions somehow mitigates their liability ignores that she provided the original information in good faith. Miss R went on to say she thinks assigning partial responsibility to her misinterprets the chain of events, but also sets an unjust precedent where customers could be held responsible for administrative failures beyond their control.

I do take Miss R's point and understand where she's coming from. Crucially I find though, she's not disagreed with my comment that they asked her to provide up to date documents, and she refused to do so. I listened to the call where this was discussed, so I don't think it's something Miss R can disagree happened.

In isolation, if I were saying AmEx made an error, but that's Miss R's fault – then I'd agree with her I was probably setting an unjust precedent. But it can't be right where a business does make an error, and tries to fix that error which requires co-operation of their customer who chooses not to, that they're then held responsible for the ongoing impact of that error. I don't think it's unreasonable to expect a customer to co-operate and try and fix any outstanding issues – even if they're caused by the financial company.

I have accepted AmEx made an error in not processing Miss R's documents the first time around. But AmEx have then acted as I'd expect – they tried to put it right. To do that, they needed Miss R to send further documents which she chose not to do. In the circumstances, it'd be unfair of me to penalise AmEx for what happened after this point – because they tried to put matters right and couldn't.

Overall then, I remain of the opinion £300 compensation and bringing the account back from AmEx's debt collector to agree an affordable repayment plan is a fair way to resolve matters.

My final decision

For the reasons explained above, I partially uphold this complaint. I require American Express Services Europe Limited (AESEL) to:

- Take back Miss R's account from the debt collector, and agree an affordable repayment plan with her
- Pay Miss R £300 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 19 December 2024.

Jon Pearce
Ombudsman