

The complaint

Mr S is complaining about American Express Services Europe Limited (AESEL) because it refused to set up a direct debit from his preferred account for payments to his credit card.

What happened

Mr S has a credit card account with AESEL. He wanted to set up a direct debit to make payments from a savings account with another bank. AESEL declined to do this, initially telling him it couldn't use savings accounts to collect direct debits.

After the complaint was referred to us, AESEL said that not all UK savings accounts support direct debits and it's unable to find out which ones do. But it did say it can set up a direct debit for Mr S as an exception, while warning there is a risk his bank will reject this and any payments may not be successful.

We put this offer to Mr S and he asked for the complaint to be reviewed. In particular, he feels he should also be compensated for his inconvenience.

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be partly upheld. My reasons were as follows:

Mr S's bank is unusual in that it says its savings accounts do facilitate direct debit payments and I understand Mr S makes other regular payments in this way. This information is widely available online and it's not clear why AESEL weren't able to confirm this once Mr S made his request. Nonetheless, I'm pleased to see it's now offering to set up an arrangement as requested.

As the outcome has changed since it was referred to us, I'm currently proposing to uphold Mr S's complaint.

My provisional decision also included a proposed award for any distress and inconvenience caused to Mr S.

The responses to my provisional decision

AESEL said it had nothing further to add.

Mr S has confirmed acceptance of my provisional decision but said he wants his bank to be named in my final decision. He's also recently provided a copy of a letter from AESEL saying it's been unable to set up a direct debit arrangement with the details it has.

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.

Having done so, my findings haven't changed from those I set out previously.

I note Mr S would like his bank to be named but I normally refrain from identifying third parties who aren't directly involved in the complaint and haven't had the opportunity to comment, and I'll be following that approach here.

From the recent letter provided, it's not clear why AESEL says it's been unable to set up a direct debit arrangement. But this is dated before AESEL confirmed it wasn't disputing my decision and it's not clear that whoever was writing to Mr S was aware of his complaint and what had been agreed.

If Mr S accepts my decision, it will become binding on AESEL and at that point I'd expect it to make whatever arrangements are necessary to set up a direct debit arrangement as an exception and as previously offered. If it's necessary for Mr S to provide further information for this to be done, he should co-operate. And if AESEL ultimately declines to comply with this decision, Mr S can contact our investigator for assistance.

It may be the case that AESEL takes the appropriate steps to set up a direct debit arrangement and is unable to do so because of issues with Mr S's bank. If that turns out to be the case, it should explain the issues to Mr S clearly so he can take things up with his bank if he chooses to.

If there are problems with the direct debit arrangement after it's been set up, Mr S would need to raise any concerns with AESEL and/or his bank in the first instance. He may then be able to refer the matter to us as a new complaint.

Putting things right

The principal aim of any award I make is to return Mr S to the position he'd be in but for the inappropriate actions of AESEL.

AESEL should have actioned Mr S's request to set up a direct debit with his preferred account when asked to do. So the key step to putting things right is for AESEL to set up a direct debit arrangement as it's now offering to do.

I also think the issues raised would have caused Mr S some inconvenience. The amount to award for a consumer's inconvenience can be difficult to assess as the same situation can impact different people in different ways. But in the circumstances of this complaint, I currently think AESEL should make a moderate payment of £100.

I'm currently satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I uphold this complaint. Subject to Mr S's acceptance, American Express Services Europe Limited (AESEL) should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 December 2024.

James Biles
Ombudsman