

The complaint

Mr C complains that American Express Services Europe Limited (AESEL) failed to cancel a recurring transaction on his account.

What happened

In January 2023 Mr C contacted AESEL and asked them to cancel a recurring payment that he was making to a third-party business (M).

AESEL's representative explained to Mr C that as the payment was a recurring one, they would be able to put in place a merchant block. They explained that by adding a block, Mr C was asking them to decline authorisation of the charges for four years. If Mr C wished to remove the block he needed to let AESEL know.

They also said that if charges were still showing on his account after the block was placed, Mr C should contact them directly. In addition, they let Mr C know that the block didn't terminate any contractual agreements that Mr C had with M, and that it was his responsibility to cancel any contract that may be in place. AESEL explained that as part of the contract, M may have the right to reactivate any recurring billings and submit further charges if Mr C continued to use their services.

AESEL put the merchant block in place and recommended that Mr C contact M to stop any further charges in the future.

Mr C complained as he wanted AESEL to cancel the payment indefinitely.

AESEL responded and explained they weren't able to do anything more than put the block in place. They reiterated that should any further payments be taken by M, Mr C should get in touch and they would help him resolve things. But they weren't able to cancel the payment completely.

Mr C didn't agree and so brought the complaint to our service.

Our investigator was of the opinion that AESEL had acted fairly. He explained that they had acted correctly in applying the block, and they had told Mr C to contact them should any further payments or charges show on his account. As AESEL had also explained to Mr C that he should contact M directly to cancel any contract he held with them, our investigator was of the opinion that there was nothing more they could do.

Mr C disagreed. He said that our service's website specifically states a consumer has the right to expect a provider to cancel any continuous payment authority (CPA) and not place the onus on him to make sure no future payments go through.

Because Mr C disagreed, the complaint has been passed to me for review.

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 looked through everything, I agree with the investigator for the same reasons. I will explain why.

I would like to start by explaining that I do understand the point Mr C is making. He has checked our website which does state that a CPA can be cancelled by a card issuer. The FCA guidance also states the same.

AESEL have placed a block on M and any future payments they may try to take. This is essentially their way of following the guidance set out on our website and by the FCA.

At this service, we aren't able to ask a business to change its terms and conditions, or how it operates as we are not the regulator. But what we can do, is make sure a business has complied with their terms fairly.

AESEL's terms state that they can put in place a merchant block when a customer requests that continuous payments be stopped. The terms explain that in accordance with the Payment Services Directive (PSD) guidelines, once a member has advised that they have withdrawn their consent to a recurring transaction, AESEL must make sure that no future payments are applied to the account, and if they are, they should be refunded.

The terms go on to state that in order to comply with PSD regulations, AESEL must apply a block, to stop any further transactions.

So while I understand that the wording on our website has led Mr C to believe that AESEL should be able to cancel the CPA indefinitely, it is the case that they have complied with their terms and conditions correctly in applying the block on M.

The block will remain in place for four years, and as also suggested by AESEL, I would urge Mr C to get in touch with the merchant directly to cancel any contract that is in place. This will then ensure that no future payments are taken.

I know this isn't the outcome Mr C was hoping for, as he wants AESEL to cancel the payments completely, however I hope I have explained why what they have done is fair, and in line with their terms and the PSD guidelines.

For this reason, I won't be asking AESEL to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 August 2023.

Danielle Padden
Ombudsman