

## **The complaint**

Mr T complains American Express Services Europe Limited (AESEL) didn't explain why they were closing his charge card account and refused to refund his £3,400 joining fee.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having done so, I've reached the same conclusions as our Investigator for these reasons:

- Mr T's account underwent a credit review approximately three months after it was opened. Following this review, AESEL decided to close Mr T's account, and informed him of the same in early March 2023. It's not unusual for a business, like AESEL, to review accounts of their customers. This can be done for several reasons, such as to ensure the account is still affordable for their customer or to ensure the circumstances of the account still meet the business' appetite risk. So, I don't think AESEL acted unreasonably or unfairly by reviewing the account. However, given Mr T's account was reviewed and closed within a matter of months after opening, it did bring into question the checks AESEL carried out before opening this account. Given the joining fee this account attracts (and that Mr T has complained about) I needed to be confident AESEL treated Mr T fairly when they agreed to open his account.
- AESEL has confirmed they relied on what Mr T had told them about his income, and their knowledge of his management of other accounts he held with them before deciding to offer him the charge card complained about. However, given Mr T was applying for card without a pre-set spending limit, I don't consider the checks AESEL carried out were sufficient. I say this because I would have expected a responsible lender to at least be somewhat aware of any other borrowing Mr T had - that way they could more accurately determine whether this account would be affordable and sustainable for him.
- As a starting point, I consider AESEL should have checked with credit referencing agencies to get a better understanding of Mr T's other borrowing (if any) and how he was managing external accounts. I've seen a copy of Mr T's credit report and the only negative marker was a recent missed payment on another one of his AESEL accounts, but it was quickly brought up to date. Had AESEL seen this at the time of making its lending decision, I don't consider this information ought to have made them think additional checks were necessary.
- It has now come to light the information Mr T provided about his income during the

application process wasn't correct. During the credit review in February 2023, he told AESEL that he stopped receiving an income around the time he applied for the account and was living off his savings. But I can't fairly say that AESEL ought reasonably to have been aware that was the case when making their lending decision - even if they'd reviewed his credit report. So, it's for that reason I don't consider they treated Mr T unfairly by opening his charge card account.

- I appreciate Mr T is disappointed his account was closed. But even had AESEL carried out the checks I've explained above, I don't consider they could have prevented the situation Mr T has now found himself in regarding this account. The February credit review brought to light new information that meant AESEL felt they could no longer continue their relationship with him. The terms and conditions of the account explain AESEL isn't obligated to provide a reason if they decide to close an account. However, it does give examples of the circumstances that could result in them deciding to close a customer's account, and having reviewed the information from both parties, I can't see that they acted outside the terms and conditions of Mr T's account.
- Given I'm satisfied AESEL didn't do the wrong thing in opening the account (based on the reasonable information they ought to have considered), it was fair for them to charge Mr T the applicable joining fee of £3,400. Information about this fee is detailed on the second page of the terms and conditions booklet for Mr T's account and explains that it is non-refundable. I've seen Mr T was provided with a copy of the terms and conditions before submitting his application, so he had access to this information before the account was opened. This means Mr T ought to have been aware the fee was non-refundable before agreeing to open the account – and before paying it. It's for this reason, I can't agree AESEL acted unreasonably by not refunding the joining fee.

I know this isn't the outcome Mr T hoped for. But for the reasons above, I'm not upholding his complaint.

### **My final decision**

My final decision is that I'm not upholding Mr T's complaint about American Express Services Europe Limited (AESEL).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 November 2023.

Sarrah Turay  
**Ombudsman**