

## **The complaint**

Mr E complains that American Express Services Europe Limited (AESEL) (Amex) lent irresponsibly when it approved his credit card application.

## **What happened**

Mr E applied for a credit card with Amex in April 2022. In his application, Mr E advised he was employed full time with an income of £10,4000 a year. Amex says it looked at the information included in Mr E's application and carried out a credit search. Amex says it found outstanding unsecured credit totalling around £20,000 and took this into account when considering Mr E's application.

Amex applied its lending criteria and approved a credit card with a credit limit of £15,000.

Earlier this year, Mr E contacted Amex to say he was having trouble maintaining the monthly payments due to financial difficulties. Mr E has explained that when he applied for the credit card with Amex he was working a full time role paying £30,000 a year and a short term contract that made up the remaining income he'd declared. Mr E raised a complaint that Amex had lent irresponsibly when it approved his credit card application.

Amex issued a final response but didn't agree it had lent irresponsibly. Amex added that Mr E had contacted it at the start of March 2023 and advised he was able to maintain the minimum payment each month and had no arrears or missed payments. Amex said that in the circumstances, it was unable to manage Mr E's account via its debt management or financial difficulty process.

Mr E referred his complaint to this service and it was passed to an investigator. The investigator wasn't persuaded Amex had lent irresponsibly and didn't uphold his complaint. Mr E asked to appeal and said Amex had made no attempts to verify his income or whether he was working on a permanent basis. Mr E added that when his temporary contract ended his income reduced which meant the interest costs each month were causing financial difficulties. Mr E didn't agree that Amex had lent responsibly and asked to appeal so his complaint has been passed to me to make a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

In short, before agreeing to lend, Amex needed to complete proportionate checks to be able to understand whether the borrowing was sustainable for Mr E. There's no specific list of checks a lender has to complete. While it is down to the lender to decide what specific checks to carry out, these should be reasonable and proportionate to the type and amount of

credit being provided, the length of the term, the frequency and amount of the repayments, the total cost of the credit and what it knew about Mr E at the time of application.

I think it's fair to start by saying Amex had a reasonable expectation that Mr E would provide accurate information about his income and circumstances during the application process. I've looked at Mr E's application and can see that he gave his residential status as living with family. Mr E also gave the name of his employer, job type which was a senior position, and an income of £104,000. In the application, Mr E said he was employed full time. Mr E's subsequently explained that his income was declared at that level due to a temporary contract he was working at the time and that he actually earned around £30,000. But looking at the employer recorded in the application and role Mr E said he held, I think Amex reasonably accepted the information he provided about his income. I wouldn't expect Amex to have known Mr E's income was made up of two jobs, one a temporary contract, based on what he said in the application. In my view, Amex reasonably accepted the information Mr E provided about his income in the credit card application.

Amex has also provided a copy of the credit search it completed when Mr E applied. It shows Mr E owed around £20,000 to unsecured creditors and that all accounts were up to date. I've reviewed the information available to Amex and I'm satisfied it had an accurate picture of what Mr E owed at the time of his application and the payments he was making each month. I'm satisfied Amex factored the cost of servicing Mr E's existing debts when considering his application.

Overall, I haven't seen anything that would've caused Amex to ask additional questions or carry out further checks like looking at Mr E's bank statements or requesting evidence of his income. In my view, the level of checks Amex completed was proportionate to the application he made and reasonable. I'm very sorry to disappoint Mr E but I haven't been persuaded that Amex lent irresponsibly in this case.

When Mr E contacted Amex earlier this year and reported his income had dropped it looked at his circumstances. Mr E advised he was able to maintain the monthly minimum payment but was struggling with the level of interest applied each month. In Amex's final response it confirmed that at the time of issue it wasn't able to manage Mr E's account via its financial difficulty process at that time. But Amex added that if Mr E could make contact again to discuss his circumstances, adding that any payment plan he agrees may have implications for his credit file. In my opinion, Amex had clearly explained its position and I'm satisfied it's confirmed Mr E can request further support in the future if he's unable to maintain payments. I'm satisfied that's fair and reasonable in the circumstances.

I'm very sorry to disappoint Mr E but as I haven't found evidence to support Amex lent irresponsibly and I'm satisfied it's treated him fairly I'm not telling it to take any further action.

### **My final decision**

My decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 November 2023.

Marco Manente  
**Ombudsman**