

The complaint

Mr H complains American Express Services Europe Limited (Amex) incorrectly calculated the amount due to be paid on his credit card account, following a refunded transaction.

What happened

Mr H says he is a long-standing customer of Amex and holds a green card account, which from May 2022 effectively changed from being a credit card type facility to a charge card account. This meant going forward any new transactions on the card had to be repaid in full each month, with the remaining balance he owed prior to this being paid back over time, with a requirement of a minimum monthly payment on this element, known as flex select facility (flex).

Firstly, Mr H says he never received any notification from Amex about the change that was to take place in May 2022. In addition, Mr H says following a transaction he made for a travel booking in mid - October 2022 for £172.60, which was cancelled and refunded the same day, Amex incorrectly allocated the refund in such a way that meant his total monthly payment was “hiked” up by this amount.

Mr H says Amex also failed to lodge his earlier complaints on this matter and now wants it to correctly allocate the £172.60 refund, refund the £12 late payment fee and compensate him for the time he has spent making overseas calls regarding his complaint and the trouble and upset this has caused him.

Amex says the flex select facility was terminated in May 2022, and Mr H was written to about that in March 2022. Amex says it has correctly allocated the debit and subsequent same day refund to his green card account he holds. Amex says it has apologised for the poor service it provided when Mr H tried to lodge his complaint and paid Mr H £100 for the trouble this caused him. Amex says it has made no other errors here.

Mr H wasn't happy with Amex's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt that Amex had correctly processed the adjustments to his overall balance and couldn't see that it had made any mistakes when administering Mr H's green card account. The investigator felt Amex had acted reasonably when it paid Mr H £100 for not registering his complaint earlier. The investigator says he didn't feel Amex needed to do anything further here.

Mr H didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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 won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would be frustrating for Mr H to believe his monthly Amex payment due in November 2022 was inflated, due to Amex incorrectly allocating a refund to the flex element of his account with them.

When looking at this complaint I will consider if Amex were at fault when it allocated a refund for a travel booking to Mr H's flex element of his account with them.

The first thing to say is Mr H and Amex have provided this service with comprehensive details and written commentary of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything that's been said – I have.

It's also worth saying it's not the role of this service to scrutinise Amex's complaints process or to tell Amex how it should deal with complaints more widely. That said Amex have acknowledged it could have handled Mr H's complaint more efficiently and have paid him £100 by way of apology and I am satisfied that was reasonable in the circumstances.

Mr H initially informed this service he didn't receive the amendments to the terms and conditions Amex says it sent in March 2022, but I have seen a copy of the letter it sent to all its customers affected by the change, so it's not clear why Mr H wouldn't have received it. That said Mr H is now aware of those terms and conditions but still feels Amex have made mistakes and that's what I will focus on here.

Mr H's main complaint centres around the fact Amex incorrectly allocated, in his view, a refund of a travel booking in October 2022, to the flex element of his account rather than his charge card account. The background to how the charge card and flex select feature of Mr H's Amex green card account changed back in May 2022, is understood by both parties, so I won't reiterate what's already known. What is worth saying is that Mr H's existing green card changed to a charge type card for any new transactions thereafter, which needed to be paid off in full each month and the remaining balance was to be paid off over time with a minimum monthly payment - styled flex.

Mr H's contention in simple terms here, is that Amex should have allocated a refund made by a travel company of £172.60 on 13 October 2022 to his charge card element of his account and not the flex element as this has, in his words, "hiked" the amount he had to pay back on his next monthly statement.

While I understand Mr H feels strongly about this point, I'm not fully persuaded by his argument. I say this because Amex would have treated the refund from the travel company as a single payment – in those circumstances under its terms and conditions it shows the order in which such payments are applied under "*How we apply payments*":

- *The payment due on your charge card account;*
- *The minimum payment due on your flex select account;*
- *The remaining flex select account balance appearing on your statement;*

So, what happened here was Mr H paid off his October 2022 statement on the 14 October 2022 which included the charge card balance in full and the flex minimum payment due, which totalled £779.75. Amex have explained the refund of £172.60 on 13 October 2022 was

treated as a single payment and in view of the fact Mr H had paid his October 2022 bill in full for that month, which included the payment due on his charge card account and the minimum payment due on his flex select account, I am satisfied Amex correctly allocated the refund to the remaining balance on Mr H's flex select element, as the terms and conditions explain. Afterall, as Mr H had already fully repaid his charge card element that month, Amex would then only allocate the refund to the flex element, to reduce the interest accruing.

Although Mr H may not agree, I am satisfied Amex haven't made a mistake here for the reasons I have explained.

While Mr H will be disappointed with my decision, I won't be asking anymore of Amex.

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 H to accept or reject my decision before 19 September 2023.

Barry White
Ombudsman