

The complaint

Mrs K complains that American Express Services Europe Limited (Amex) suspended her account and ultimately closed her account without treating her fairly.

Mrs K is represented by her husband in bringing this complaint. But for ease of reading, I'll refer to any submission and comments he has made as being made by Mrs K herself.

What happened

Mrs K says Amex suspended her account without telling her. She received a letter the following week informing her they were carrying out a review and they wanted information, which she provided to them. Amex later sent her a notice of their intention to close her account, and they sent her a notice of default despite her not missing any repayments. She also lost out on cashback she had earned whilst the account was open. Mrs K made a complaint to Amex.

Amex did not uphold Mrs K's complaint. They said the review of her account had been conducted in accordance with their procedures and the terms and conditions. Amex said they were able to pass the account to a Debt Collection Agency (DCA), but if payments were kept up to date there shouldn't be any adverse impact on her credit file. Mrs K brought her complaint to our service.

Our investigator did not uphold Mrs K's complaint. She said the terms and conditions of the account show Amex can suspend an account and they can notify Mrs K beforehand or immediately after, which they wrote to her on the same day they suspended the account. She said Amex have a duty to complete ongoing checks on a customer's account and the account was closed following the review of the account, with a default notice issued on 23 January 2023. Our investigator said Amex hadn't registered a default or adverse information on Mrs K's credit file. She said the terms also state that any cashback is lost if the account has been closed in line with the terms, so she was unable to ask Amex to pay this to Mrs K.

Mrs K asked for an ombudsman to review her complaint as she said the way Amex conducted themselves in what happened here did not align with treating customer's fairly.

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.

I've considered what Mrs K has said about Amex not treating her fairly. As part of treating customers fairly, I would expect Amex to act in line with the credit agreement. After all, this is what both parties agreed to be bound to.

I've looked at the credit agreement to see what this says about notifications if an account is suspended. Under the "*Suspending your account*" section of Mrs K's credit agreement it states "*We'll normally notify you beforehand or immediately afterwards and may provide you with the reasons.*" So I'm satisfied that Amex were not obliged to let Mrs K know her account

was suspended before they suspended her account. While I'm sympathetic to any embarrassment this could cause Mrs K if she tried to use her card to pay for something, only to find out her account has been suspended, I can't say that Amex have acted outside of the credit agreement here.

I can see that Amex sent Mrs K a letter notifying her about the suspension of the account on 13 January 2023. It appears from the system evidence that I have received from Amex, that this was the date her card was suspended, so I'm satisfied that Amex let Mrs K know "*immediately afterwards*" that her account was suspended.

After Amex had completed their review of Mrs K's account, they decided to end the agreement, which the credit agreement shows they can do this immediately in some instances. I don't find that Amex have acted against the credit agreement by doing this, although I could understand why this could be upsetting for Mrs K to receive a notice of default – especially as she hadn't missed any payments and she wasn't in any arrears on the account. As the credit agreement says "*we may close your account and require you to repay immediately all amounts you owe us under this agreement in full together with any interest and charges that apply*", then a notice of default would set this out to Mrs K.

I've looked at the letter Amex sent Mrs K on 23 January 2023. This shows they were ending the agreement and why. It told her they would be terminating the agreement at any time on or after 9 February 2023. The letter sets out that they will serve her notice to her to demand the repayment of the outstanding balance and it displays the outstanding balance at the time of the letter. It also shows they could refer her account to a DCA. I've looked at the credit agreement and this shows "*We may sell, transfer or assign this agreement and your account. We may do so at any time without notifying you*". So I don't find that Amex have acted against the credit agreement here.

Although this letter said notice of default, it's important to note that a default was not reported on Mrs K's credit file. Amex followed this letter with another letter dated 11 February 2023. This letter was a formal demand for the outstanding balance. This letter set out the next steps, so I'm not persuaded Amex treated Mrs K unfairly by following the credit agreement when an account is closed by them as this sets out they would "*require you to repay immediately all amounts you owe us under this agreement*".

I have considered that Amex did say on this letter that after 28 days steps may be taken to register the default status of her account to the Credit Reference Agencies (CRA's). So this could have appeared to Mrs K that her account had been defaulted. Amex are required to use certain wording for regulatory letters, so I'm not persuaded they could have tailored this specific letter for Mrs K's specific circumstances here. If she was unable to pay the full amount, then if she informed Amex she couldn't afford to pay the balance all at once I would expect them (and/or the DCA if the account was passed to them) to show her forbearance and work with Mrs K based on her financial situation. But I can see that the outstanding balance was paid prior to the 28 days of the letter expiring.

What is important to note here is that Amex have a regulatory duty to provide the CRA's with accurate information. So while Mrs K could be under the impression her credit file may be affected by what happened, the reality is that she didn't miss any payments and she cleared the outstanding balance before the 28 days they said they may notify the CRA's. And Amex have confirmed they didn't report any adverse information to the CRA's.

I've considered what Mrs K has said about the cashback that she had earned on the account prior to it being closed. The credit agreement covers this off under the "*What happens if we close your Card Account?*" section of the credit agreement. It says "*If we close your Card Account in accordance with the Card Account Agreement, you will lose the Cashback that*

has been earned but not yet been applied to your Card Account as an annual credit". So I'm not persuaded that Amex acted outside of the credit agreement and I'm not persuaded they treated her unfairly here. So it follows I don't require Amex to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 6 October 2023.

Gregory Sloanes
Ombudsman