

The complaint

Mr S complains that American Express Services Europe Limited (AESEL) closed down one of his credit card accounts and raised the interest rate on his other credit card account.

What happened

Mr S had two credit cards with AESEL, the first (Card 1) he took out in 2005, and the second (Card 2) in 2021. In October 2022, in respect of Card 1, AESEL said it was dormant, as no transactions had taken place on the account for over 12 months. It sent Mr S a statement with a notice advising that the account would be closed after two months unless he used the card. He was sent a further statement warning that the account would be closed within a month, in November 2022. In December 2022, no activity having taken place on the account, the card was cancelled.

Subsequently Mr S was advised by AESEL that in respect of Card 2 it was increasing the interest rate on the card following a review of his account.

Mr S objected to both one card being cancelled and the interest rate being raised on the other card. AESEL said it had given Mr S adequate warning and it was entitled to take the relevant actions under the terms and conditions of both cards.

On referral to the Financial Ombudsman Service our Investigator said that as AESEL acted in accordance with the terms and conditions in respect of both cards, its actions were fair and reasonable.

Mr S responded that he had had no notice or statements from AESEL in respect of the card being cancelled. He feels that it should have told him about this in the course of a number of telephone conversations he had with it. And that it should have written to him by registered post. He feels that AESEL didn't take account of his disability, of which it was well aware.

The matter has been passed to me for further consideration

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.

card 1

In respect of this card, the terms and conditions of the account are that it can be ended by either party without giving a reason. AESEL advised Mr S that as the card had been dormant for over 12 months as of October 2022, it would be cancelling the card to protect Mr S from fraudulent activity. It sent him a further notice in November 2022 warning him the card would be cancelled after a month unless he used it in that time. It also checked Mr S's registered email address (which concurs with the email address we hold for him) and sent him emails advising him that his statements were ready to view.

Whilst I note Mr S's assertion that he didn't receive any statement or notice about this

account, the statements/notices were all sent to his registered address and emails were also sent. I don't think AESEL should have been expected to send him letters by registered post in respect of this issue. As regards his expectation that AESEL should have raised this issue with him when he had a number of phone calls with its advisers, I assume he means the calls he made in respect of a different complaint. But I don't think that this would be the sort of issue I would expect to be raised in calls about another matter. It would likely be noted on his record as a dormant card duly cancelled.

I note Mr S's comments that he feels discriminated against. However AESEL was acting within the terms and conditions of the account and I've not seen any evidence that he was treated any differently from other customers in the same position. I understand that he is vulnerable, because of his disabilities. But I don't think that the methods of communication used (by post and email) were inappropriate for him.

card 2

Under its terms and conditions AESEL could make changes to the rate of interest, both personal (as in this case) or where the base rate has changed. It said it did this highlighting in the terms and conditions "where we have good reason to think that a change in your circumstances means that the risk you might not be able to repay us has increased.

I understand that Mr S was upset by this, he tells us he's not missed any payments. However credit card companies will review their customers' credit standing from time to time to assure themselves that they will still be able to repay their credit. It appears this is what happened here and as result AESEL decided there was an increased risk and increased the interest rate. Under the terms and conditions of the account it's entitled to do this.

It advised Mr S that he didn't have to accept the interest rate rise. He could continue to repay the amount owing on the card at the old interest rate. However the account itself would be closed and the card would no longer be able to be used.

I don't think that Mr S disputes having received the notice about this card. I think AESEL acted fairly and reasonably within the terms and conditions of the account.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 September 2023.

Ray Lawley
Ombudsman