

The complaint

Mr B complains that American Express Services Europe Limited (Amex) have increased the interest rate on his credit card unfairly.

What happened

Mr B says he has been subjected to an interest rate rise by Amex and his minimum repayments have been increased. Mr B says he received a letter from Amex mentioning previous correspondence they sent him about requiring personal information, but he says he never got a letter prior to this and then they blocked his account. He says Amex haven't replied to his letters. Mr B made a complaint to Amex.

Amex partially upheld Mr B's complaint and said they credited £50 to his account. They said due to an error they increased his interest incorrectly, without advising him of the change. They said £131.42 was refunded to him on 8 November 2022 due to this. Amex said they wrote to Mr B on several occasions, and they can confirm they have a regulatory obligation to gather information about their customers personal information and finances to ensure they are lending responsibly. They said if this was not provided when they request it then they reserve the right to suspend his account or end his agreement as stated in the terms and conditions. Mr B brought his complaint to our service.

Our investigator did not uphold Mr B's complaint. He said the change of interest is a commercial decision and Amex advises they can change the interest rate as per the terms of the agreement. He said Amex evidenced they'd received only one letter from Mr B and without anything else to show they've received other letters from Mr B, then he couldn't say they made an error by not acting on the letter contents. Our investigator said Know Your Customer (KYC) checks are a regulatory requirement and Amex have the right to ask questions and suspend the card if they remain unanswered. The block was removed after Mr B rung them up.

Mr B asked for an ombudsman to review his complaint. He said that the points our investigator had addressed were only his additional points he had raised, and it was his original complaint that is important and requires a resolution.

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 understand that Mr B wants me to look into his original complaint as that is important and requires a resolution. But here, I'm only able to give an outcome to Mr B about the complaint points which he raised under this complaint reference – the interest rate rise without notification from Amex and his minimum payments rising as a result of this, Amex ignoring the letters Mr B sent them and them blocking his account. So I am unable to comment on the original complaint points of the initial complaint Mr B had previously brought to our service under a different reference number.

I've looked at the credit agreement that Mr B and Amex entered into. Here, this explains in section 2.2 that the interest rate on the account is comprised of a simple rate which moves in line with the Bank of England Base Rate (base rate) and a personal rate. The credit agreement shows that changes in the base rate will be applied to the account from the day after his next statement. But the credit agreement also states they can change the personal element of the interest rate in certain circumstances. The credit agreement shows that if Amex are increasing the interest due to the base rate then they will let their customers know about this on their website and in the national press. They will also let Mr B know about this on his monthly statement before the change takes effect.

The credit agreement shows that if they are increasing the interest rate of the personal rate then he'll get at least 60 days advance notice of the change. So I'm satisfied that Amex are able to increase the interest rate on this account in certain circumstances. But here, Amex have said that due to an error, they increased his interest incorrectly, as they didn't advise him of the change. To resolve this, Amex refunded £131.42 of interest and credited £50 to his account, which I'm satisfied is proportionate if they did not give him the required notice. But Mr B should be aware that Amex are able to increase the interest rate in the future provided they act in line with the credit agreement. If his interest rate increases, then naturally it's likely his minimum repayments would increase (based on how the credit agreement shows Amex calculates the minimum repayment).

I've considered what Mr B has said about Amex ignoring the letters he sent them. I asked Mr B how he sent the letters, for example whether these were by tracked delivery. But I did not receive a response from Mr B by the date I asked for a response, so I'm unable to determine how these were sent. So I asked Amex if they could provide system evidence of the letters they received from Mr B. I can see from the evidence provided that they received two letters from Mr B. One was on 1 November 2022, which was in response to their KYC letter dated 14 October 2022. This letter shows handwriting from Mr B informing them that he didn't know what they were referring to as he hadn't received any requests from them. Then another letter was sent from Amex dated 16 November 2022, which Mr B sent them a copy of this letter and he wrote on the letter that he had only received this on 12 December 2022 and the information had already been given, his account was blocked, and a complaint had been raised. Amex's system shows they received this from Mr B on 3 January 2023.

I'm not persuaded that Amex ignored the two letters Mr B sent here, as they responded with another KYC letter after Mr B's initial letter that they received and as the other letter mentioned his complaint they responded to this as part of his complaint. It may be that Mr B had sent Amex further letters, which they didn't receive, but I can't hold them responsible for any issues with the postal system.

I've considered what Mr B has said about the block on his account. He's said he didn't receive prior correspondence to the 14 October 2022 letter. But Amex's system shows they sent the first KYC correspondence on 14 September 2022. I'm satisfied that he did receive the follow up letter dated 14 October 2022. This letter asks him to update the information that they hold about him. But he didn't do this. The letter says that once this is complete then he will be able to continue to enjoy all of the benefits of his Amex membership. The following letter asks him to contact Amex. It appears that due to postal delays, Mr B received this letter after his account had already been blocked.

The credit agreement shows that Amex can suspend an account in certain circumstances such as if they reasonably consider that by allowing the use of an account or feature they might breach a law, regulation, code or other obligation. Amex would be required to ensure the KYC information of a customer is up to date. So when Mr B didn't update his details – even if they had not changed, then Amex took the action the credit agreement allowed them to do. So I can't say they did anything wrong 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 Mr B to accept or reject my decision before 2 August 2023.

Gregory Sloanes
Ombudsman