

The complaint

Mr F has complained Barclays Bank UK PLC didn't block a payment which he didn't authorise.

What happened

In December 2019 a loan company Mr F had an agreement with debited him £724.88 using a continuous authority set up on his debit card.

Mr F complained to Barclays immediately and he was told they'd be able to get the money back for him. In fact Barclays then explained as this was money Mr F didn't dispute he owed the loan company (who I'll call M) they wouldn't be able to get the money back. Mr F had previously asked Barclays to block transactions from M.

Barclays apologised for giving Mr F incorrect information and paid him £200. Mr F was stuck as he was no longer able to go to M himself as they were now in administration so was concerned at the financial position he was now in because of Barclays' actions. He brought his complaint to the ombudsman service.

Our investigator agreed with how Barclays had handled this.

Mr F was still upset about the state of his finances. He's asked an ombudsman to consider his complaint.

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've reached a slightly different conclusion to our investigator. I'll explain why.

There's no dispute Mr F had a loan agreement with M who collected payment of £724.88 in December 2019. In fact the evidence shows Mr F had been in touch with Barclays in September 2019 about a payment M had taken in July for £287.04.

Barclays' notes at the time state the continuous authority had been cancelled.

Is this a recurring transaction ?

Yes

Does customer want to stop future payments?

Yes

But obviously this didn't occur as M were able to use Mr F's details to take a payment for nearly £725 in December 2019. Barclays felt M were doing this prior to going into administration. That may well be but I have to wonder what authority they had to do this? As

far as Barclays' notes show Mr F no longer held a continuous authority with M as this had been cancelled.

They've subsequently told us they can't stop payments being taken but I'd draw their attention to their obligation to cancel continuous payment arrangements on their customer's request. Barclays refer to the customer's obligation to contact the merchant (M in this case) but the reason the FCA instituted a change to continuous payment arrangements was to cover the situation when a merchant didn't act on a customer's instruction to cancel a payment arrangement.

I know Barclays believe Mr M didn't contact M and should have. I've taken this into account.

Barclays has argued Mr F had an agreement with M which meant he was contractually bound to make payments to them. I don't dispute that's the case. But it is not Barclays' responsibility to make sure Mr F pays his debts to third parties particularly after he has explicitly cancelled the payment arrangement through them.

They've also suggested Mr F may have had multiple agreements with M but I've seen no evidence that this is the case.

I can see from Mr F's bank statements that for a period before December 2019 Mr F was financially stretched. Although there are a large number of credits – including from a range of loan companies – there are also payments out (to various loan companies) and regular gambling with his debit card. I suspect that it was the regular gambling which caused Barclays to be sceptical about Mr F's financial difficulties.

Barclays has also told us Mr F would be able to dispute the payment using the chargeback rules as long as he put in a claim before 25 April 2020. This is the time when Mr F's complaint has been with our service waiting for an ombudsman to consider his complaint. I asked Mr F whether he'd asked Barclays to complete a chargeback. He said they rejected this claim. Barclays has disputed Mr F ever submitted a claim but they've also recently confirmed to me they don't think he'd have sufficient grounds for a successful chargeback as he had a contractual agreement with M. So I'm not sure dangling the option of a chargeback was ever the right answer.

Overall I'm not convinced Barclays acted on Mr F's instruction to cancel his payment arrangement with M or did what they could to stop this transaction.

Putting things right

Barclays paid Mr F £200 for giving him incorrect information on the phone and never calling him back. I agree this seems fair and reasonable in the circumstances.

I did consider whether it was fair that Barclays repay Mr F £724.88. At the same time M is no longer trading so Barclays would be unable to recoup its loss. This would also mean that Mr F would have had his loan partly paid for by Barclays which doesn't seem fair either. In the end, Mr F is not out of pocket although I suspect he wouldn't have repaid this debt all in one go and this payment may – particularly when considering the time of year this payment happened – have made issues more difficult for him.

Overall I think it's fair and reasonable Barclays pay Mr F a further £200 for not following his original instruction and effectively cancelling the payment arrangement.

My final decision

For the reasons I've given, my final decision is to instruct Barclays Bank UK PLC to pay Mr F a further £200 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 September 2020.

Sandra Quinn
Ombudsman