

The complaint

Mr R, complains on behalf of R, a limited company, about Barclays Bank Plc's handling of two chargeback claims made against R.

What happened

Barclays provides merchant services to R, including card payment terminals. Barclays received two chargeback requests and took the amounts from R.

Mr R, a director of R, complained to Barclays. He said that the two chargebacks were made to two separate accounts, and that funds deposited in one of those were paid to a third party, G. He said that it was unfair for Barclays to take the funds paid into that account from R. He also said that in any case the chargebacks should not have been successful.

When Barclays rejected the complaint, Mr R referred it to our service. Our investigator didn't consider that Barclays had done anything wrong. She thought that the rules of the chargeback scheme meant that that in the circumstances Barclays had acted fairly by taking the money from R's account. And she thought that there was enough information available to R for its representatives to have reasonably been aware that the second account (where funds were paid to G) was set up in such a way that chargebacks would be paid from R's account. As R didn't accept this, it asked for an ombudsman's 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.

I'm aware that R has made a number of arguments as to why the chargebacks shouldn't have been successful, and why Barclays should have defended them. It's been suggested that there was fraudulent use of R's terminals, and also that the services for which the chargebacks were raised were used by the party making the request. I'm not in a position to comment on these points. What I need to consider is whether Barclays followed the correct process on receiving the chargeback requests.

Barclays don't set the rules of the chargeback scheme, but from what I've seen, it's followed the process correctly.

The transactions which were disputed had been made on R's terminals without the cardholder present. The rules of the scheme suggest that where a disputed transaction is made without the cardholder present, there is an assumption that the chargeback will be successful unless evidence can be provided to show that the cardholder did consent to the transaction.

In this case, Barclays asked R for further information about the disputed transactions and any additional evidence, such as signed disclaimers or declarations, to assist Barclays in defending the chargebacks. This wasn't received and so Barclays was unable to defend the

chargebacks. I can't say that this was incorrect, or that Barclays unreasonably failed to defend the chargebacks.

As I've concluded that Barclays acted reasonably in taking the funds from the chargebacks, I now need to consider whether it acted fairly in respect of the second chargeback. This was the one where the funds had been originally deposited in the account accessible by G. The exact details of the relationship between R and G aren't relevant, but what's important is that R was able to direct payments made through one of its terminals to the account which was controlled by G.

The original agreement completed by R when the agreement linked to this account was entered into with Barclays isn't available. I'm aware that Mr R's position is that R wasn't aware of the arrangements or obligations placed on it. I have seen a sample agreement from Barclays which would have taken the same format. This agreement asks how chargebacks are to be handled, either by being added to monthly statements for the merchant services, or on a case by case basis.

The exact detail of when chargebacks would be taken in this case isn't significant. Looking at the sample agreement, all chargebacks (whenever taken) are to be charged to the same account that the charges and fees are taken from. It isn't disputed that in this case, that account is R's.

R said it was unaware that the account had been set up in this way, but statements had been sent to it. The statements included fees and charges linked to the services provided to R by Barclays, and these charges were taken from R's account in line with its agreement with Barclays. I think it's fair to say that if it had any queries about the service it was paying for, it could have asked Barclays for details of how the account worked. By being sent statements, it's reasonable to say that they knew of the account and could have found out what obligations it had connected to the account.

I conclude that the account in questions was, on balance, set up in such a way that any chargebacks made would be taken from the same account that fees were charged to. And R was aware of the account and could reasonably have established its liabilities and obligations arising from the account.

My final decision

It's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 1 July 2021.

Ben Williams
Ombudsman