

The complaint

E, a limited company, complains that Barclays Bank UK PLC didn't deal fairly with a chargeback request leading to financial loss.

What happened

E explains it purchased cladding from a merchant to use in a building project for a client. It says that there were issues with the quality and that it had to be removed and replaced and the client was charged for this. It couldn't reach agreement with the merchant and so raised a chargeback. E is unhappy that this wasn't accepted and that the money was re-debited to its account without warning.

Barclays said it had applied a temporary credit of £5,943.76 to E's account. The chargeback was refused. And that the merchant had sent evidence showing that it had offered E a replacement product. It said it had sent those comments to E and it hadn't received any response. Barclays accepted that the decision letter about the chargeback was sent to an old address for E and the re-debit of the money as a result caused financial issues. So, it paid E £50.

Our investigator didn't recommend that the complaint be upheld. There had in fact been a second chargeback for the same merchant, but this hadn't been dealt with by Barclays in any complaint. She was looking at what had been considered in its final response.

She said that under the relevant chargeback rules E would have needed to show that it had returned or attempted to return the product. And that the merchant had refused to accept it. She had reviewed all the correspondence both between E and the merchant and directly from its client with the merchant. She didn't think sufficient attempt to return the goods had been established and noted that the client appeared to have been compensated by the merchant for the cost of removal of the cladding and for a new product.

Barclays had written to E about the chargeback on 2 September 2020. This had gone to an old address for E. But the director had received this. Barclays was unable to show that it had written to E with any response from the merchant. But as E hadn't established it had met the chargeback rules she didn't think that this would have made a difference. The letter about the outcome of this chargeback dated 20 December 2020 had again gone to the old address. And the money was re-debited on 4 January 2021 and E said it hadn't had notice of this. She thought the payment reflected the inconvenience.

E didn't agree and wanted the complaint to be reviewed.

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.

The chargeback scheme is one operated by the card industry and the rules are set by the relevant card scheme. I'm satisfied that Barclays asked E a number of relevant questions

about the dispute. And once E had received this it responded on 20 September 2020. Those questions included ones about attempts to send the goods back. These details were clearly submitted through the card scheme to support the dispute. Because there was then feedback from the merchant which said that it had ongoing discussion with E and the client about resolving the issue and provided correspondence about this.

It was then a matter for Barclays to decide whether to appeal this. I can't see as our investigator says any evidence that it asked E for more information about the dispute for this specific payment. I think instead that by time in October 2020 E had raised the further payment dispute and was asked for information about that. I'm not persuaded that even if it had been asked anything more about the first disputed payment that this would have made a difference here. The goods hadn't been returned and were of considerable value. There had clearly been ongoing discussion about the goods with the client which E was aware of. And arrangements for a settlement and E said in a conversation with our investigator that it charged the client for further work. And I'm not persuaded that the merchant refused to take the goods back and that efforts were made to return items.

There was some confusion over the correct address for E. I don't see that affected the outcome here given what I've said about the information. The address issue was identified in September 2020 and correspondence to E went to a new address in October 2020. But the outcome letter for this dispute stating that the amount would be re-debited again went to the address used in September 2020. As I say this was a significant amount and while Barclays was entitled to re-debit the amount E didn't have the notice Barclays intended. It has paid compensation for this which I think was reasonable.

I know E will be disappointed when I say that I won't be asking Barclays to do anything more.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 10 June 2022.

Michael Crewe
Ombudsman