

The complaint

Mr T complains that Barclays Bank UK Plc didn't cancel his debit card correctly, which led to payments being made he didn't authorise.

What happened

Mr T holds a current account with Barclays. In July 2020 the bank let Mr T know they believed his debit card (Card 1) had been compromised. They issued a replacement card (Card 2).

In December 2020 Mr T noticed four transactions leave his account which he didn't authorise. He contacted Barclays, who advised him to cancel Card 2 in the Barclays app. He did so, and a new card (Card 3) was issued. However, on investigation Barclays discovered that the fraudulent transactions had been made using the details of Card 1. They refunded the transactions in dispute.

Mr T complained to Barclays, saying he'd been left without access to his funds over the Christmas period. He wanted to know why Card 1 hadn't been cancelled. He was also unhappy with the service Barclays had provided. Barclays responded to say they accepted the service he received wasn't appropriate. They apologised for the level of service and offered £100 compensation for the inconvenience.

Unhappy with this Mr T brought the complaint to our service. One of our investigators looked into what happened and agreed Barclays hadn't been reasonable. But they felt they had done enough to put things right. They explained that the payments were made under a continuous payment agreement, which allows merchants to take payments using card details previously entered even if that card was cancelled. But they felt Barclays had done the right thing by refunding the transactions in good time.

The investigator considered whether more compensation should be offered. But they felt that there while Mr T didn't have access to a debit card for a short period, he could have taken other steps such as transferring funds to a relative if he needed them. Overall, they felt the £100 offered by Barclays was fair. Mr T disagreed, saying Barclays have a duty of care with his money. As no agreement could be reached the case has been passed to me to decide.

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.

Barclays have accepted they didn't provide Mr T with the expected level of service, and he has a right to feel disappointed with how his account has been handled.

Having reviewed the relevant card scheme guidelines, I'm satisfied that the explanation of how this came to be is down to the payment being set up as continuous or recurring payments. This is generally for people to ensure regular and ongoing payments are made, if

they have to cancel or replace their card for whatever reason. But in this case, it's clear that this has instead been exploited by a fraudster.

From what I've seen Barclays could have prevented this by treating Card 1 as lost or stolen. This would have been a reasonable action considering Barclays had concerns that the card had been compromised. I'm satisfied that by not doing this Barclays haven't taken due care with his account and have treated him unreasonably.

The second error made by Barclays is by telling Mr T to cancel Card 2 in the app. While it's not unusual for cards to be cancelled when fraud is reported, in this case Barclays could have noticed sooner which card details had been used. This would have prevented Mr T unnecessarily cancelling Card 2 and being left without use of a card until Card 3 arrived. I'm satisfied the first error led to a financial loss to Mr T, and the second led to a degree of distress and inconvenience. Barclays haven't treated Mr T fairly, and it's right they offer compensation to him to reflect this.

When I consider the impact on Mr T, I note that Barclays refunded the disputed transactions in a reasonable timeframe. While Mr T was left without use of a debit card, this was for a limited time – based on the first usage of Card 3, this was just under a week. Barclays did offer alternatives, such as withdrawing money in branch. But given the context of the pandemic when many places would not accept cash; and also, the time of year when many branches were shut for Christmas, I don't see this as the most reasonable alternative. But there may have been other alternatives for Mr T to mitigate this, such as arranging for money to be transferred to a trusted friend or relative.

Having reviewed the complaint notes and communication between both parties, I satisfied Barclays investigated Mr T's concerns and issued their response in a reasonable amount of time. But it would have been fairer to Mr T to provide a more thorough and detailed explanation of what happened in the final response letter. Taking all this into account, I consider the £100 offered by Barclays to be a fair reflection of the impact of their errors, and the distress and inconvenience caused.

My final decision

My final decision is that Barclays Bank UK Plc should pay Mr T £100 compensation for the distress and inconvenience this matter caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 August 2022.

Thom Bennett
Ombudsman