

The complaint

Mrs H complains that advice she received from Barclays Bank UK PLC trading as Barclaycard has caused her financial loss. Mrs H is assisted in bringing her complaint by her daughter. For ease of reading I've referred to any actions taken by Mrs H or her daughter as having been taken by Mrs H.

What happened

Mrs H used her Barclaycard credit card to pay for a family motorhome holiday overseas. Unfortunately, her holiday plans were affected by the Covid-19 pandemic, which led to her flights being cancelled. She contacted F, the motorhome supplier, who told her that the booking was still available but that if she were to cancel at that point she would lose £949 of the £2,335 she'd paid for the holiday.

Mrs H got in touch with Barclaycard to see whether there was anything it could do to assist her. She says Barclaycard advised her not to cancel, and that it would lodge a chargeback claim on her behalf. Barclaycard reccredited the money to Mrs H's account. However, the credit was subsequently reversed.

When Mrs H sought an explanation, she says Barclaycard told her that it couldn't proceed with the chargeback claim, as F had provided a valid defence and said that no refund was due. Mrs H complained to Barclaycard, saying that through no fault of her own she was out of pocket by £2,335.

In response, Barclaycard said it hadn't made an error in its advice. It said if Mrs H had cancelled it wouldn't have been able to successfully claim back any money, whereas not cancelling offered the chance that it might be able to assist with recovery, though this wasn't guaranteed. Mrs H was unhappy with Barclaycard's response and referred matters to us.

Our investigator provided an initial assessment of Barclaycard's handling of the chargeback claim. She was satisfied the bank had taken reasonable actions to try to recover Mrs H's money by this means, but that ultimately this wasn't successful because the motorhome had been available for the period Mrs H had booked. Under the terms of her contract with F, she wasn't eligible for a refund. For similar reasons, the investigator didn't think Mrs H would have had a successful claim for breach of contract or misrepresentation such that she might have brought against Barclaycard under section 75 of the Consumer Credit Act 1974.

The investigator noted that Mrs H would have received a partial refund from F had she cancelled the booking when she received Barclaycard's advice. However, the investigator thought it more likely that Mrs H would have sought to pursue a full refund via chargeback than to accept a partial refund. So she didn't recommend upholding the complaint.

Mrs H didn't think this was right. She said when she contacted Barclaycard it told her that it would cancel the booking and seek a full refund for her, and that it was in her best interests to let it sort out matters for her. She also said that Barclaycard had never explained to her that there was a possibility she wouldn't get a full refund, assuring her that she was covered

under Barclaycard's purchase insurance. Mrs H asked for this review, as she's entitled to do under our rules.

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 recently issued a provisional decision setting out the events leading up to this complaint, and how I thought best to resolve it. I said:

"I don't doubt that Barclaycard handled the chargeback claim in line with the card scheme rules, or that a successful defence was put forward by F. The circumstances as described appear to be consistent with a scenario under which, while Mrs H and her party were unable to use the motorhome booking because they couldn't get overseas, that didn't amount to a breach of contract or frustration event obliging F to refund her. It follows that, even if Barclaycard had considered liability under the connected lender liability provisions of section 75, such a claim would be unlikely to succeed.

This, though, isn't Mrs H's key cause for complaint. Primarily, she's said she's unhappy that Barclaycard advised her not to cancel her booking, and that by following that advice she's lost all of her money when she might otherwise have been able to get a partial refund.

While a bank has no general duty to provide advice in such circumstances, where it undertakes to do so (as here), it needs to exercise due skill and care in providing that advice. I'm not currently satisfied that Barclaycard, in advising Mrs H not to cancel her booking, did enough to meet that obligation.

I say this because Mrs H has been clear in saying that Barclaycard didn't make her aware of the risk that pursuing a chargeback claim might put her in a worse position than she would have been in if she'd cancelled when she could have received a partial refund. Mrs H says that Barclaycard's advice assured her that she'd be covered by its protection, and on that basis she proceeded with the chargeback rather than cancelling.

Barclaycard appears to accept it gave advice to Mrs H. It submits that its general rule was that if a customer cancels they might be held to cancellation terms and lose deposits or part thereof. However, if a merchant cancels, customers could receive full refunds. But Barclaycard has been unable to provide evidence to support its assertion that in Mrs H's case it "probably conveyed this" information. It hasn't been able to provide a recording of its call with Mrs H, and it's also said not all of its staff were trained in dealing with card disputes.

In light of this, and the fact that Mrs H has provided her first-hand evidence of how the call went, I can't reasonably concur with the bank's stance. I've no reason to doubt the call went as described by Mrs H. And that leads me to conclude that the bank failed to exercise proper skill and care when advising Mrs H not to cancel her booking with F.

Mrs H cancelling might have damaged her ability to claim via chargeback. But the bank had no evidence to suggest that F was planning to cancel Mrs H's booking, which makes a significant difference to the prospect of recovering any money at all via chargeback. The advice it gave ought to have contemplated the possibility that cancelling at that time would have enabled Mrs H to recover most of her payment, whereas chargeback would only have resulted in a better outcome if F cancelled the booking.

Had Barclaycard explained this, I'm minded to say that I disagree with our investigator's view that Mrs H would still have proceeded with the chargeback claim. This view doesn't seem to be based on anything Mrs H has said; indeed, Mrs H's own evidence is that she would have taken the refund available at that time. Although hindsight is an unavoidable aspect informing the position Mrs H has said she would have taken, I'm satisfied that if Barclaycard had set out the possible outcomes in an appropriate way, it's more likely than not Mrs H would have sought to mitigate her loss by cancelling with F and recovering £1,386.

With this in mind, I think it's fair that Barclaycard compensates Mrs H for the loss she incurred in following its advice. I also think it's appropriate that Barclaycard pays her a modest sum of compensation in acknowledgement of the distress she experienced when she discovered what had happened. Taking both of these aspects into account, I propose to require Barclaycard to pay Mrs H a total of £1,500 in resolution of her complaint."

I invited both parties to let me have any further comments they wished to make in response to my provisional conclusions.

response to my provisional decision

Both Mrs H and Barclaycard have accepted my proposed resolution. As a result, I'm satisfied that it represents an appropriate way to bring the dispute to an end.

My final decision

My final decision, therefore, is that in full and final settlement of this complaint Barclays Bank UK PLC trading as Barclaycard pays Mrs H £1,500. It should do so no more than 28 days after it receives her acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 October 2022.

Niall Taylor
Ombudsman