

The complaint

Mr G says Barclays Bank UK PLC incorrectly allowed a third-party to debit his current account despite his instructions to the contrary. Mr G's also unhappy with the service he received from Barclays once he raised the issue and complained.

What happened

Barclays cancelled a continuous payment authority (CPA) to stop a third-party, which I'll refer to as 'R', from taking money from Mr G's account on his instruction. Several months later, R took more than £1,400 from Mr G's account using debit card details it already held (as opposed to a CPA).

When Mr G raised the transaction with Barclays, it ultimately replied that he'd done so later than 120 days from the date it occurred which was the time limit set by the card scheme to initiate a chargeback claim. Barclays said it hadn't done anything wrong in failing to stop R from taking the payment as it wasn't collected by the CPA (which had been cancelled as previously agreed).

Barclays accepted that it had made mistakes, not least after the transaction occurred. These included incorrectly raising a fraud claim which led to Mr G being temporarily credited the amount in full before removing the amount again, leaving the account overdrawn. Barclays also incorrectly told Mr G it could dispute the payment for him. As compensation for its errors, Barclays offered to pay him £100.

Unhappy with Barclays's decision and offer, Mr G brought his complaint to us. He said he incurred account charges and interest through no fault of his own when the credit was taken back. And that Barclays should pay him the relevant sum back in full as well as more compensation for the anxiety caused.

One of our investigators looked into the complaint and didn't recommend that it should be upheld. They felt Barclays hadn't failed in allowing the payment to be collected by R. They also believed Barclays couldn't have done any more regarding a chargeback claim given it was made aware too late as per the card scheme's rules. The investigator thought Barclays was entitled to debit the amount from Mr G's account given the lack of contact from him in response to a letter it sent to him regarding fraud on the account.

Mr G remained unhappy. He said, among other things, that he wasn't aware he needed to contact Barclays once it wrote to him (incorrectly) regarding fraud as he didn't receive the letter. He said the lack of information from Barclays about making a chargeback claim and the temporary credit and subsequent debit had left him out of pocket by more than £1,400.

As the complaint couldn't be resolved by the investigator, it was passed to me to review afresh. I considered the complaint and issued a provisional decision. I found that Barclays's actions hadn't on balance led to Mr G losing out on a chargeback claim. And that it was entitled to take back the money it had temporarily credited to his account, as it had been credited in error in the first place.

But I felt Mr G should be compensated for any account charges, fees and interest incurred resulting from the temporary credit and its subsequent removal. I also felt Barclays should pay Mr G an additional £100 as compensation for the upset and frustration caused by the poor service he'd received.

I asked the parties to respond with any further information before I reconsidered the complaint and reached a final decision.

Barclays said it noted the contents of the provisional decision and had nothing else to add. Mr G didn't reply despite being sent a reminder about the deadline for responses.

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 decided to uphold the complaint in part. I'll explain why.

The chain of events that led to this complaint effectively started when R debited money from Mr G's account. I understand that Mr G disputes that R's entitled to that money, but I can't see that Barclays was at fault for it being taken. While Barclays agreed to cancel the CPA, R didn't take the amount via that route. Instead, it seems R took the money using debit card details it already held. I don't see any reason why Barclays ought to have known Mr G wasn't aware of the payment or that he didn't agree to it being made.

I note that Barclays referred to a possible claim for chargeback via the card scheme, but that Mr G notified it of the payment too late. Barclays has provided evidence to show the claim needed to be made within 120 days of the transaction taking place. And I can see that Mr G didn't raise the issue with Barclays until five months later. So, I'm satisfied that the claim was made too late.

Even if I thought Barclays was at fault for the chargeback claim being made too late (which I don't), I haven't seen enough evidence to show a claim made in time would have been successful. So, it's difficult for me to find, on balance, that Mr G lost out because of this.

That's not to say that Barclays handled all other aspects of the situation well. For example, Mr G explained to Barclays what had happened regarding payment taken by R over the phone. Despite that, Barclays chose to proceed on the basis that Mr G had experienced fraud. It followed up the call by writing to Mr G to confirm his card had been cancelled and asking him to provide certain further information. The letter went on to say that, if the information wasn't received within the next 10 working days, any temporary credit for the disputed payments would be debited back from his account.

Mr G says he didn't see the letter, although I'm satisfied Barclays sent it to his then current address – or at least to what it had reasonable grounds to believe was his current address. Either way, we know the amount was temporarily credited to Mr G's account and that he moved it to a savings account soon after (he initially said he spent it but later changed his testimony on this point). When, on expiry of the 10 working days, Barclays hadn't received the information it had requested from Mr G in its letter, it took the amount back, leaving his account overdrawn.

I can't reasonably hold Barclays responsible for a correctly addressed letter going astray once sent. However, I can see how the letter Barclays sent could have caused confusion even if Mr G had seen it, because it referred to fraud when he hadn't alleged he'd been defrauded. Had Mr G seen the letter I think it likely he'd have contacted Barclays to question

why it was treating the matter as fraud. It's possible that, at that stage, the situation would have been clarified to the extent that any temporary credit already made could have been debited back from the account with Mr G's knowledge.

That didn't happen because Mr G didn't contact Barclays within 10 working days. Equally, I think some responsibility rests with Barclays. Although the letter was clear as to the consequences of not replying in time, given the amount in question was relatively high, Barclays could easily have contacted Mr G to remind him of the need to respond to the letter by the deadline. Such action may well have prompted a response from him even if the letter had gone astray.

So, while I don't think Barclays needs to re-credit the amount as it never owed him that money, I do understand how its actions may have led Mr G to incur account fees, charges and interest he wouldn't otherwise have incurred. That's because I understand his account wouldn't have gone overdrawn had Barclays not incorrectly dealt with the matter as fraud as it did. I think Barclays should compensate Mr G for any relevant charges etc. incurred due to its actions.

Although Barclays has offered Mr G £100 as compensation for the distress and inconvenience it's caused him, I don't think that's sufficient in the circumstances. As I've said, I don't believe Mr G was entitled to the temporary credit from Barclays. But it gave him the expectation for a time that he was entitled to it, and he acted on that expectation by moving it to a savings account when I gather he was already in financial difficulty due to being out of work. In addition, Barclays confused matters for Mr G on more than one occasion along the way, for example by incorrectly leading him to believe it could dispute the payment collected by R on his behalf.

Taking everything into account, including what's happened since I issued my provisional decision, I'm still satisfied that Barclays should pay Mr G £100 in addition to the £100 it previously offered, making a total of £200 for the distress and inconvenience he's experienced.

Putting things right

I require Barclays to:

- Reimburse Mr G for any fees, interest or charges incurred resulting from the temporary credit being removed from his account and that left it overdrawn; and
- Pay Mr G a total of £200 (including the £100 already offered) as compensation for the impact of the poor service he's received.

My final decision

For the reasons given, I require Barclays Bank UK PLC to put things right for Mr G as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 November 2022.

Nimish Patel
Ombudsman