

## **The complaint**

Miss C complains that Barclays Bank UK PLC (Barclays) declined a chargeback claim. She would like a refund for the item she paid for but didn't get.

## **What happened**

Miss C purchased a car online paying for it on her Barclays credit card. She says despite being assured the car would be delivered it wasn't. So, she put in a chargeback claim to Barclays who declined the claim

Barclays said it didn't pursue a chargeback directly with the merchant as the payment was made through a third party so it said there were no grounds for a chargeback with the merchant.

It didn't pursue the chargeback claim with the third party who made the payment since there was no dispute that this party had made the payment.

Our investigator upheld the complaint. She said that as the third party who made the payment was a payment processor this didn't prevent Barclays pursuing a chargeback with the merchant. She felt it should have done so and recommended that Barclays refunded Miss C's purchase cost in full as she felt there was a good chance her claim would have been successful.

Miss C accepted our investigator's view but Barclays didn't. It accepted that given the third party was a payment processor it should have considered a chargeback request against the merchant. However, as our investigator had stated Miss C had been subject to a scam, it explained that scams were excluded from the chargeback process so a chargeback wouldn't have been appropriate.

It offered as a gesture of goodwill to refund Miss C half of the cost of her purchase. It didn't feel it was appropriate to refund the full cost for two reasons. Firstly, there were no grounds for a chargeback request as scams were not covered by this scheme. And secondly it felt Miss C should have been aware of the potential scam - it felt the price of the car was unrealistic, the reasons for Miss C not being able to see the car pre purchase not plausible and there were negative reviews about the seller.

Our investigator considered these points but didn't change her mind. She was still of the view that had Miss C's chargeback request been put to the merchant there was a good chance it would have been successful

## **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 do appreciate Miss C's frustration having paid for a car she didn't get.

Barclays declined the chargeback as the payment was made for the car through a payment processor who did transfer the funds. Barclays said it couldn't raise a chargeback against the merchant who should have provided the goods as it was not involved with the transaction.

However, as our investigator correctly advised when funds are transferred through a payment processor that doesn't prevent a chargeback being raised against the merchant who should have provided the goods but didn't. There is no dispute that Miss C didn't get the car so I think Barclays should have raised a chargeback on her behalf with the merchant based on goods and services not received.

After our investigator issued her view Barclays made the point that if Miss C's purchase was a scam that this wouldn't be covered under the chargeback scheme. Scams aren't excluded from the chargeback scheme but there isn't always a chargeback rule they fit into. However, in this case there is a relevant rule - goods and services not received.

Although Barclays didn't accept our investigator's view it did offer to refund half of the money Miss C paid. It didn't agree to a full refund as it felt the price of the car and the explanation as to why the car couldn't be viewed prior to payment was unrealistic and there were negative reviews online of the merchant.

It seems to me that Barclays is applying the approach it would take in a fraud investigation where there might be an argument of contributory negligence. But the chargeback code for goods and services not received doesn't allow for any deduction based on possible customer negligence.

So, whilst I acknowledge the offer that Barclays has made I don't think it's appropriate here. Miss C didn't get the car she purchased online; she was eligible for a chargeback claim against the merchant which I think would have been successful had Barclays pursued it. On this basis I think it's only fair that Barclays refunds the full amount of the purchase Miss C made, with interest as detailed below.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Barclays Bank UK PLC should pay Miss C £3659 plus 8% simple interest from the date Barclays declined the chargeback claim to the date of settlement .

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 3 April 2023.

Bridget Makins

**Ombudsman**