

The complaint

Miss S says Barclays Bank UK PLC misled her about a positive balance on her credit card account which has caused her a financial loss.

What happened

Miss S raised a chargeback dispute in July 2020 and Barclays gave her a temporary credit of £4,700 to her credit card account leading to a positive credit balance in excess of £4,200.

Miss S then received payments from Barclays of £3,405 and £1,295 (£4,700 total) to the card in relation to the same chargeback dispute. The first payment led to Miss S's credit balance reaching in excess of £5,500 and resulted in her withdrawing around £2,800 from the card to another bank account. After the second payment Miss S made a further withdrawal of £500.

Barclays then recharged the £4,700 credit from Miss S's card.

Miss S says Barclays led her to believe the money it put on her card was hers to keep and she spent it all in good faith by the time she discovered the mistake. She says she now has a debt to pay which is unexpected and it is Barclay's fault. She says this has caused her financial difficulty.

Barclays admitted that it had not communicated well with Miss S about this matter. And it acknowledged its overall customer service could have been better. As a result it did the following:

- Credited her with £200 for poor communication about the recharged amount and for the issues and problems she had with calling it; and
- Refunded £122.14 in interest charged on the £4,700 debt – and allowed a 6-month interest free repayment plan.

Miss S said Barclays should have done more to put things right here. She wanted it to write off all or the majority of the debt - or provide an appropriate payment plan.

Miss S has since paid off the debt using another form of interest free credit but still maintains that Barclays should have done more.

Our investigator looked into the matter. She did not uphold the complaint and felt Barclays had done enough here. She concluded Barclays could have done better but that Miss S also shared some of the responsibility for what had occurred. And as she had spent the money she had benefited from it and should fairly repay it.

The matter has come to me for a final decision.

I issued a provisional decision on this case. In this I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Since the matter has come to me there has been a lot of new information which has come to light. In particular the phone records showing the conversations that Miss S had around the time that she received the duplicate credits and made withdrawals from her credit card to her nominated bank account. Miss S has had an opportunity to listen to these calls and make further submissions. I thank both parties for the information they have provided.

Firstly, I want to say I am sorry to hear about the personal and health struggles which Miss S has described to this service. And how she says this matter has impacted her.

I have thought very carefully about what has happened here. I think it is useful if I say at the outset that Barclays has not provided Miss S with good customer service here – and I have provisionally decided that it should fairly do more to put this right. There is more about this later in my decision.

However, at present I do not think the circumstances here warrant Miss S receiving a refund of the £4,700 overpayment which she says (based on Barclay's reassurances) she took to be her own money and then spent to her ultimate detriment. I will explain why.

What has gone wrong here?

Essentially, from what I can see from the evidence provided the mistake here is that instead of making the temporary £4,700 credit permanent when the chargeback succeeded Barclays appears to have paid Miss S the same amount again in two instalments at a later date.

Barclays appeared not to recognise this issue immediately. Only afterwards did things become clearer. This then led to it rectifying the issue by recharging the first credit- by which time Miss S had already withdrawn most of the apparent overpayment from her card into a nominated bank account.

The question for me is not whether Barclays made a mistake here. It appears they have made a mistake and have to help put that right (which I will deal with later). But I also think it is important to firstly consider whether Miss S should fairly have to repay the overpayment which she says she has now spent. Therefore, I have thought about whether Miss S was acting reasonably in treating the additional money as her own and spending it as such in the particular circumstances. And if that were the case whether she has been put in a financially worse position as a result.

The initial credit

There appears to be no dispute that Miss S raised a chargeback for the £4,700 with Barclays and would have been aware of this at the time. What isn't really clear is what communication if any Miss S received from Barclays about the £4,700 it initially credited to her account temporarily.

Miss S indicates she was never told there was this temporary credit to the account and Barclays appear to accept that it didn't send out any formal communication at the time the chargeback was raised. However, I think that considering the significant amount of money Barclays put on the card causing a very large credit balance Miss S would have likely been aware of this even on cursory inspection of her statement or bill. It is also clear that this is a temporary credit from the entry description.

I also note in a later call to Barclays about the chargeback the agent mentions this credit. Miss S appears to acknowledge she is aware of this credit but she tells the agent it is in relation to a different chargeback. I acknowledge that Miss S says she had other chargebacks against the merchant going on at the time –but Barclays has confirmed she only had one chargeback with it. So it appears that Miss S was referring to and aware of the £4,700 credit Barclays made to her account in July 2020 even if she was potentially mistaken at the time about the dispute it related to.

The duplicate credit and Miss S's suspicions and concerns

Even a cursory inspection of statements at the time would reveal the £4,700 deposit in July 2020 followed by the £3405 credit the following month. From the wording of the statement the duplicate credit was also clearly in respect of a dispute with the same supplier as the first credit. I think Miss S would have been reasonably aware she had two large credits apparently about the same dispute.

Even if I accepted Miss S was initially unaware of the details of the individual credits she would have at least been aware of the significant credit balance on her card. Which would reasonably have led to a discovery of significant credits having been added to the card in the previous two months.

From what Miss S has told this service, she was aware of the large credit balance, and in fact had suspicions about it. Miss S has submitted to this service that:

'Barclays had assured me several times on the phone that this was definitely my money'

'I asked Barclays repeatedly on all my calls if they were sure the monies were mine....I like to repeatedly ask the same question and triple check if I think there's an error [sic].. I would not [want] to be liable for their mistake at a later date'

It is clear Miss S had concerns regarding the large credit balance before she made withdrawals to a bank account. I think the circumstances would have given most people reasonable cause for concern. Miss S had raised a single chargeback against the supplier on this card and received £4,700 as a temporary credit – yet was now receiving £3,405 additional money resulting in a credit balance of over £5,500. I don't see how there could be a credible explanation for such a significant and rising (despite ongoing spending) credit balance without there having been some sort of overpayment.

In summary, I am persuaded the circumstances here would have given Miss S reasonable cause for concern that there had been some kind of error leading to overpayment. And from what Miss S has said to this service – it appears there is no doubt about whether she did have those concerns. With this as a starting point I have gone on to consider what Barclays did – and whether its actions gave Miss S reasonable grounds to proceed with treating all of this money as her own.

The actions of Barclays

This service has been sent several calls between Barclays and Miss S around the time of the duplicate credits and withdrawals, as I have already mentioned. Miss S has had an opportunity to listen to these and some that appear more relevant to the chargeback credits and withdrawals have been transcribed by our investigator.

As I have already indicated Miss S had previously conveyed she suspected an error and (despite repeatedly querying her concerns about the credit balance with Barclays) was

essentially convinced there had been no mistake and the monies were hers to do as she wished with. Unfortunately, there does not appear to be evidence from the calls to persuasively support this. From what I can see from the transcripts and the key calls I have listened to at no time does Miss S appear to directly address with Barclays the legitimacy of the significant credit balance or convey her concerns there might have been some kind of overpayment error. As a result Barclays do not give any sort of explanation for it. So I don't see how Miss S who started off with due cause to suspect an error was then satisfied this was not the case.

There is a conversation on one particular call in which Miss S has indicated she did sufficiently question things and where she thinks the confusion is clear. It appears to have taken place shortly after the first duplicate credit of £3,405 and where with a credit balance now over £5,000 Miss S arranges the withdrawal of £2,774 off the card to a nominated bank account. During this call Miss S asks the business to retain approximately what she 'owes' it on a 'recorded phone call' and expresses concern about owing Barclays a 'couple of thousand more' if it doesn't retain the right amount. I agree Miss S does show concern about owing Barclays money but I note she says to the agent early on 'the money I have already spent on the card needs to be deducted' and from then on I think this conversation with the advisor about retaining sums is clearly in context about settling any upcoming bill rather than a direct question about a possible error/overpayment.

I know Miss S has indicated what she was saying was clear enough to highlight her concern – but I don't think that it was here – or that in any event the agent's response (suggesting Miss S keeps some money back for upcoming bills) would be considered a reasonable explanation for the concern Miss S had about an overpayment.

The other calls where Miss S refers to confusion and poor service do not appear to be in relation to queries about the credit balance. One long call in particular appears to be where Miss S has queried a debit transaction which appears to be the withdrawal that she had previously agreed. While another appears to be where Miss S has just discovered that Barclays had corrected the account by re-debiting the £4,700 and is trying to get to the bottom of it.

I know Miss S has indicated she had a conversation with other advisors where she clearly challenged the credit balance and they convinced her there was no error– but there is not persuasive evidence of that based on the calls I have. I also think had there been calls where Miss S clearly raised her concerns about a possible error with her credit balance it seems unlikely an agent would have looked into it, not eventually discovered the issue, and been able to provide a credible explanation to give Miss S reasonable cause to believe there was in fact no mistake.

In conclusion, based on the information I have, and noting her actual concerns about an error, I don't think anything Barclays said would put Miss S in a position to reasonably treat the money as her own.

The loss

I thank Miss S for the additional information she has sent about how she says she spent the overpayment. However, most of the money appears to have been withdrawn to bank accounts which Miss S has not provided further details about so I don't know where the money went and how or when it was spent. I also note the call with the advisor about the first large withdrawal indicates Miss S used this money to clear her overdraft. Miss S says this would have been small – but currently I don't have further information about this.

So even if I were persuaded what Barclays told Miss S meant she was acting reasonably by treating the overpayment as her own, which I am not – I am also not persuaded she has spent all the money to her detriment prior to the re-debit.

Barclays has made a mistake and has not done enough to put things right

While I don't think it fair and reasonable to direct Barclays to write off the amount Miss S has received in overpayment it should still compensate her for the underlying error it made.

Although I acknowledge Miss S has wrongly assumed the money was hers to keep. Barclays still made a mistake here in overpaying Miss S and correcting it later which has caused her substantial distress and inconvenience. And while it wouldn't give cause for Miss S to have reasonably believed the overpayment was hers Barclays overall communication around the chargeback and the transactions was poor. It appeared to take a while to work out what had gone wrong once Miss S highlighted the re-debit and at first could not explain things to Miss S when she queried it. Barclays does appear to accept this and that Miss S had issues with calling it and long hold times. And although the pressure on Barclays as a result of the pandemic is no doubt part of the reason for some of the poor communication – I don't think it completely mitigates the situation for it here.

I think what has happened here is a mistake which has caused Miss S considerable distress upset and worry and a lot of effort on her part to deal with. I think to put things right it should be helping her with more compensation than the £200 paid already. I think, after considering the types of award that this service would make and the severity of the issue here that Barclays should be paying an additional award of £450 bringing the total compensation to £650.

I also think it fair that as it is the source of the error Barclays help Miss S repay the debt in a sustainable way. I note that it did eventually refund all interest and charges and put the amount on a 6-month interest free basis before Miss S then moved the debt to another interest free account which I understand will become interest bearing after August 2023. I have considered whether Barclays should be doing more here to help.

I don't think Miss S acted unreasonably in moving the debt to another account to extend her interest free period (and no doubt this was a source of worry and inconvenience for her). I think the time Barclays gave her to repay the debt was too short considering the amount to repay and the overall circumstances here which it had a part in. So I have thought about how Barclays can do more to help.

In considering to what extent Barclays should do more here to help with repayment I refer back to what I have said above in relation to the paragraph entitled 'the loss' and how Miss S appears to have used some of the money to satisfy existing debt (likely saving interest and charges she would have had to pay in any event) and has provided limited information about this or the accounts the withdrawals were moved into. So it is unclear what position Miss S was in to repay some of these amounts after she discovered the recharge, and exactly how those amounts were saved or invested up to this point.

However, despite this due to Barclay's error giving rise to the situation in the first place, and the large amount of money involved here, all things considered I think it fair to require it to provide some further help to Miss S with managing repayment of the overpayment.

I note Miss S has had since around April 2021 to pay the debt off and currently has an interest free period until August 2023. I think that if Miss S has not paid off the debt by August 2023 it is fair for Barclays to reimburse her any interest she is charged on the

remaining balance from August 2023 up until April 2024 (on production of proof of these costs). Effectively this gives Miss S an additional 8 months interest free and a total of 3 years to repay the amount on an interest free basis. While this is not a science, in the particular circumstances here I consider this fair and reasonable.

I am sorry for the situation that has occurred here. I have explained why I don't think it fair and reasonable that Miss S should be able to keep money that was overpaid to her. However, I also think it fair that Barclay's compensation is a fairer reflection of the significant distress and inconvenience the mistake has caused to Miss S. And that it does more to help her repay the outstanding balance in a sustainable way.

My provisional decision

I partly uphold this complaint and direct Barclays Bank UK PLC to:

- *pay Miss S £450 additional compensation; and*
- *reimburse Miss S any interest charged between August 2023 until April 2024 on the remaining balance of the original £4,700 overpayment debt.*

I asked the parties for their comments. Barclays agreed with my findings. Miss S made some further comments. In summary, she says:

- she does not recall receiving any communications from Barclays about the initial temporary credit before it had informed her of the overpayment error;
- once she knew she was getting the money back via the chargeback she suspects she might have kept spending not knowing she had already received the initial credit;
- based on what she says an advisor told her she suspects the temporary credit did not show on the statement at the time it was made but with the original purchase; and
- she believes there are lots of calls missing and some calls are incomplete – this missing information would likely give a clearer perspective on what Barclays told her and 'how many times they truly told me this money was definitely mine'.

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.

In the interest of completeness, in recent correspondence Miss S mentioned another matter regarding the mailing address on her statements which she considers a possible error by Barclays. I have noted her comments but do not consider it affects outcome of this complaint. I also note that during the period relevant here the address on the statements had already been updated.

In her response Miss S has focused on being unaware of the initial temporary credit – and how this has contributed to the position she ended up in. Overall, these submissions do not give me cause to change my provisional outcome – I still consider the findings of my provisional decision (as copied above) to be fair and reasonable. I think my provisional decision broadly addresses what Miss S has said recently, I do not consider it necessary to repeat everything; however, I will briefly cover what I consider to be the key points.

In my provisional decision I already acknowledged that Barclays confirmed it did not send out a formal communication to Miss S about the temporary credit. But I also noted that

regardless of this even on a cursory inspection of her monthly bill a credit transaction for £4,700 would be difficult for Miss S not to have reasonably noticed at the time. I note Miss S has indicated to this service generally how careful she is when it comes to things especially where her finances are involved. Furthermore, there is nothing persuasive to show (as Miss S has suggested) that the transaction wasn't posted at the time it was made (the statements appear to show it posted at the time it was made).

In any event, I also stated the following in my provisional findings which I consider particularly relevant in addressing what Miss S has said about her lack of knowledge about the temporary credit:

Even if I accepted Miss S was initially unaware of the details of the individual credits she would have at least been aware of the significant credit balance on her card. Which would reasonably have led to a discovery of significant credits having been added to the card in the previous two months.

From what Miss S has told this service, she was aware of the large credit balance, and in fact had suspicions about it. Miss S has submitted to this service that:

'Barclays had assured me several times on the phone that this was definitely my money'

'I asked Barclays repeatedly on all my calls if they were sure the monies were mine....I like to repeatedly ask the same question and triple check if I think there's an error [sic].. I would not [want] to be liable for their mistake at a later date'

It is clear Miss S had concerns regarding the large credit balance before she made withdrawals to a bank account. I think the circumstances would have given most people reasonable cause for concern. Miss S had raised a single chargeback against the supplier on this card and received £4,700 as a temporary credit – yet was now receiving £3,405 additional money resulting in a credit balance of over £5,500. I don't see how there could be a credible explanation for such a significant and rising (despite ongoing spending) credit balance without there having been some sort of overpayment.

In summary, I am persuaded the circumstances here would have given Miss S reasonable cause for concern that there had been some kind of error leading to overpayment. And from what Miss S has said to this service – it appears there is no doubt about whether she did have those concerns. With this as a starting point I have gone on to consider what Barclays did – and whether its actions gave Miss S reasonable grounds to proceed with treating all of this money as her own.

Ultimately I am satisfied Miss S had reason to believe, and from what she has said appeared to strongly suspect, there had been a mistake and that she had been credited with money that wasn't hers. These reservations and concerns appear to be a natural result of the significant credit balance she found herself with (which was in excess of even the original chargeback amount). And from the evidence I have I don't think anything Barclays told her put Miss S in a position to reasonably treat the money as her own. I appreciate that Miss S has said there are other calls available which would show things in a different light – but I have based my decision on the evidence available to me, and explained in my provisional decision this including why I think any other calls are unlikely to change the outcome here.

In any event, even if I were to find Barclays had said something that would have given Miss S cause to reasonably treat the money as her own I also reiterate the following from my provisional findings:

I thank Miss S for the additional information she has sent about how she says she spent the overpayment. However, most of the money appears to have been withdrawn to bank accounts which Miss S has not provided further details about so I don't know where the money went and how or when it was spent. I also note the call with the advisor about the first large withdrawal indicates Miss S used this money to clear her overdraft. Miss S says this would have been small – but currently I don't have further information about this.

So even if I were persuaded what Barclays told Miss S meant she was acting reasonably by treating the overpayment as her own, which I am not – I am also not persuaded she has spent all the money to her detriment prior to the re-debit.

All things considered I don't think it fair that Miss S should be allowed to keep the overpayment. However, as I have said in my provisional decision, Barclays has made an error and should remedy this with a mixture of additional compensation and further assistance in helping Miss S repay the debt balance in a sustainable way.

Miss S has indicated this matter has caused her stress and she has also detailed her recent health struggles. She has indicated that with regards to any settlement she would like to draw the matter to a close so she can move on. I am once again sorry to hear about Miss S's health difficulties and wish her well for the future. While I am not fairly able to give her exactly what she wants here, if she does accept my decision I hope it does allow her to move forward in the way she wishes.

Putting things right

If Miss S accepts my decision Barclays should put things right as I have set out below, for the reasons given above (and incorporating my provisional decision). In order for Barclays to reimburse Miss S any interest charged for the period specified below she will be required to produce reasonable evidence to Barclays that she has incurred such costs.

My final decision

I partly uphold this complaint and direct Barclays Bank UK PLC to:

- pay Miss S £450 additional compensation; and
- reimburse Miss S any interest charged between August 2023 until April 2024 on the remaining balance of the original £4,700 overpayment debt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 22 February 2023.

Mark Lancod
Ombudsman