

The complaint

Mr H complained about poor service he received from Barclays Bank UK PLC after there were two disputed transactions on his Barclaycard credit card.

What happened

Mr H made a balance transfer to Barclaycard, which he paid off in around 2018, leaving a nil balance.

On 20 October 2021, Barclays sent Mr H a statement which showed a £7.99 debit to an online retailer on 15 October. Mr H hadn't authorised this, so he rang Barclays. He said he rang about three times, until in November Barclays told him to fill in a form, which he did on 11 November. Mr H had an acknowledgement saying the transaction would be suspended so it wasn't wouldn't be included in the billing calculations, and the claim would be investigated.

On 18 November, Barclays sent Mr H a statement which showed a further £7.99 debit to the online retailer on 15 November. So the balance on the account was £15.98.

Mr H rang Barclays again on 4 December. The adviser told him that she could see Mr H had spoken to Barclays in November, but the card hadn't been blocked. She said she'd block the account, and asked whether Mr H wanted a replacement card. Mr H said no, he'd like the account closed. So the adviser said she'd block the card, but not send a replacement, and would close the account once the disputed transaction had been sorted out.

Mr H asked her if there would be any impact on his credit file, and the adviser said absolutely not, and if it was nothing to do with Mr H, there would be no detriment to him. She said that if anything had been reported Barclays would get it corrected, as Mr H couldn't be expected to pay if it wasn't his spending. The advisor blocked any further transactions, logged the two transactions as fraud, and said Mr H would be sent a text by the fraud team once they were credited.

In line with what the 4 December adviser had said, Mr H's 20 December statement shows a credit for £15.98 leaving a zero balance. And there had had been no further recurring payment on 15 December.

But Mr H then found out that Barclays had put a marker onto his credit file. On 15 February 2022 he rang Barclays and complained. Barclays' adviser said that because it was Barclays' fault he would credit Mr H's account with £25, and he would close the complaint. Mr H said that he needed a more comprehensive final response and £25 compensation wasn't nearly enough as he'd had to make many calls, over a very long time. He didn't think Barclays had yet looked at his complaint in full, especially now that he knew his credit file had been affected, and that hadn't been resolved. The adviser said he'd re-open the complaint.

Mr H rang again on 22 February, because he hadn't been satisfied with the call a week earlier and didn't trust the previous adviser to have re-opened the complaint. As he thought,

the complaint hadn't been re-opened. Mr H made several more phone calls in the following weeks, but was told the complaint had been resolved as not upheld.

Barclays sent a final response letter to Mr H. This said that while it appreciated that Mr H was unhappy with the length of time the fraud team had taken, it needed to investigate fraud claims fully, so it could sometimes take some time to provide a resolution. Barclays said it recognised the Mr H was unhappy with £25 compensation, but this was an appropriate amount. The letter said *'I have arranged to have any late payment markers removed from your credit file. This process can take up to eight weeks to be reflected on any credit report.'*

Mr H wasn't satisfied and complained to this service. He set out a helpful chronology of the events and his phone calls to Barclays. He said that he'd been very stressed about his credit score and whether his identity had been stolen again. He said it had come at a difficult time personally. Mr H said there had been missed call-backs, not following requests, bad service and not dealing with the original problem for months, until it had impacted his credit score. He'd spent over 10 hours on the phone and online, as well as countless hours worrying.

Our investigator didn't uphold Mr H's complaint. He said that unfortunately, Mr H had been a victim of fraud. Although there had been a delay in Barclays refunding the transactions, it had removed the credit file markers, and refunding interest and charges, so there had been no financial loss or impact on Mr H. So the investigator thought the £25 compensation which B had paid was fair and reasonable to compensate for the delay.

Mr H didn't agree. He said he didn't think the outcome was fair or correct, and he asked for an ombudsman's decision.

My provisional findings

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

In my provisional decision, I explained that there are regulations governing disputed transactions. The relevant regulations for disputed transactions taking place in late 2021 are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. Here, it wasn't disputed that Mr H didn't authorise the two disputed transactions. So he wasn't liable for them, which in turn means he shouldn't have had any information recorded about them on his credit file.

Mr H told us that he rang several times before he was given the disputed transaction form to complete. It's not clear why he wasn't given the form to complete until 11 November. And after he completed the form, it appeared that his account still wasn't blocked, which led to the next disputed transaction happening on 15 November. By the time of Mr H's 4 December call, his account still wasn't blocked.

Having listened to the call recordings, the advisor on 4 December was pleasant and came across as efficient. She did block Mr H's account, logged the two disputed transactions as fraud, sorted out whether he wanted a new card or not, and told Mr H that the fraud team would be in touch once the two disputed transactions had been credited. And I considered

she did what she'd promised, because Mr H's 20 December statement showed they'd been credited.

Importantly, Mr H also asked the advisor about his credit file, because it was important to him, and as I've set out above, she reassured him that if anything had been reported Barclays would get it corrected. But the fraud team or relevant internal team can't have done that, because a late payment marker was put on Mr H's credit file.

It wasn't until Mr H found out about the late payment marker and complained on 15 February that the credit file marker was actually addressed. On 21 February, the Final Response letter said that the writer had arranged for this to be sorted out, and it might take up to eight weeks. But if the fraud team had actioned the credit marker issue shortly after the 4 December call, Mr H wouldn't have had to wait up to eight weeks from 21 February. It would have been resolved by around the end of January instead of by late April. Better still, it might not ever have appeared on his credit file at all. Either way, it seemed that had Barclays acted correctly here and as it said it would then Mr H could have been spared having to follow this up when he did in February. He also wouldn't have had to then deal with the information remaining on his credit file for as long as it did.

When considering compensation, we take into account financial loss and distress and inconvenience. There wasn't any financial loss through Mr H not having had his credit file corrected for around two to three months longer than it should have taken. But he had specifically asked about his credit file on multiple occasions, and had explained why it was important to him. So I considered that finding out that a marker had been placed on his credit file when he'd been told it would be sorted out, and having to make more calls to get it resolved, and wait longer, did have an impact on Mr H. Fraud is always upsetting, and the fact that a fraud happened wasn't Barclays' fault. But I considered that the way Barclays handled the problem increased the upset and inconvenience for Mr H.

I went on to consider the customer service which Mr H received. Based on what both sides have said, and the call recordings, I found that Mr H didn't overall receive good service from Barclays. I accepted that he made calls in autumn 2021 which weren't actioned quickly, and he had to ring multiple times. When he'd completed the required form on 11 November, nothing was actioned and he had to ring again. As the second disputed transaction happened on 15 November, it might have been too late to prevent the second transaction by 11 November, but it might not have been too late to prevent it if his earlier calls had been actioned. Overall, I considered that Mr H had to chase more times than was ideal.

Some advisers were helpful, as I've set out above. But some weren't. For example the 15 February call handler wasn't clear, was very rushed, and clearly keen to get the complaint closed by offering £25. Mr H was calm but explained that the credit file problem was still outstanding. The adviser said he'd re-opened the complaint, but this was clearly reluctant and it appeared that he didn't in fact do so.

Taking into account the fact that the credit file marker wasn't removed when Mr H reported the problem in autumn 2021, and the overall poor service he received, I didn't consider the £25 which Barclays offered was sufficient. I noted that Mr H had asked for £600, but this too wouldn't be in line with the compensation we recommend for this type of incident. I considered that a fair and reasonable amount of compensation for the distress and inconvenience caused by the poor service would be £150 in total. I explained that this included the £25 offered by Barclays. At the time of the provisional decision, it wasn't clear to me whether or not the £25 had been paid to Mr H. Barclays' final response said it had been "provided" but in Mr H's complaint form to this service he'd asked for it to be sent to his external bank account. So I asked both sides for confirmation about whether or not this £25 had been paid to Mr H.

Responses to my provisional decision

Mr H accepted the provisional decision. He said that as he hadn't accepted Barclays' offer of £25, he'd never cashed the cheque Barclays had sent him.

Barclays also accepted the provisional decision. It confirmed that Mr H hadn't cashed the cheque, so it said it would cancel the cheque and would be happy to send Mr H the full £150 to his bank account if he provided the details.

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 reconsidered all the available evidence and arguments, and in the light of the responses to the provisional decision, I consider that my original provisional decision was fair and reasonable in all the circumstances of this complaint.

My final decision

My final decision is that I uphold this complaint. I order Barclays Bank UK PLC to pay Mr H a total of £150 for distress and inconvenience for poor service in relation to the disputed transactions on his Barclaycard, in particular around the credit file markers.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 February 2023.

Belinda Knight
Ombudsman