

## The complaint

E is complaining Barclays Bank Plc processed a chargeback without giving sufficient notice it had done so.

## What happened

E – a travel agent – sold and arranged a holiday for a consumer ('the consumer') at a cost of £4,180. In March 2020 Barclays received a request from the consumer to process a chargeback claim against E for the £4,180 they paid. Barclays wrote to E by post to say the chargeback had been raised and it had provided a temporary refund. Barclays says it asked E to provide evidence or an explanation for why the chargeback shouldn't succeed and it needed E to respond within a certain timeframe. However, Barclays didn't receive a response from E until 30 April 2020 at which point it said that it was too late and the refund had become permanent. E didn't think this was fair and was unhappy Barclays had sent the correspondence by post, given the government restrictions requiring people to work from home owing to Covid-19. So E said it had limited access to its written post. Barclays didn't think it had acted unfairly, so E referred its complaint to this service.

I issued a provisional decision upholding this complaint and I said the following:

*"Chargeback is the process by which a bank or credit card provider looks to resolve a settlement between a consumer and a merchant under the relevant card scheme. Initially the card provider will temporarily refund the payment back onto the card account and will raise a dispute with the merchant. The merchant is then required to respond within a prescribed period of time with any further information it wishes to provide and set out why it thinks the chargeback shouldn't go through. If the chargeback is defended, then the temporary refund is returned to the merchant.*

*Barclays says it was unable to defend the chargeback because E responded too late. But I'm not persuaded that was the case. I understand Barclays processed the chargeback on 22 April 2020 - when it wrote to E. Generally a merchant has 14 days to respond. Barclays received E's response on 30 April 2020, so I think it received a response in time. And it hasn't given me anything to show this was late.*

*But, even if the reply wasn't received in time, I think it's down to the way Barclays communicated with E. E - as the merchant - thinks Barclays treated it unfairly as it thinks Barclays should have communicated by email given the national restrictions. Barclays says it acted in line with the terms and conditions in communicating by post.*

*I do not dispute that the terms of the policy allowed Barclays to communicate by post, but, I think it would have had reasonable notice that E would have limited access to written post owing to the national requirements to work from home. So I think it should have adapted its communication methods to ensure E received its correspondence - especially given the limited timescales it had to respond. I think, had it written by email, it's most likely E would have replied in time. I now need to think about whether E has lost out as a result.*

*E says Barclays has said the chargeback would have succeeded had the information been*

*provided in time, but I need to think whether that would be the case. I think it's important to note that there are three stages to a chargeback. So, even if Barclays had defended the chargeback at the first instance, I have to consider whether there could have been further information provided by the consumer and ultimately what the likely outcome would be.*

*In this case a chargeback could potentially be attempted either under the grounds of the services weren't received or a credit wasn't processed. Under the chargeback rules, as the business who processed the transaction, E would be considered to be the merchant on record. So it's ultimately responsible for the handling of the chargeback and for any non-provision of service claim.*

*E says that the deposit is a non-refundable deposit, so it says the chargeback should have failed. I've asked E to provide details of the booking and evidence that the consumer cancelled the booking, but it hasn't provided this. However, I'm also conscious that two other chargebacks were successfully defended at the time, which supports the fact that it's most likely that deposits E took for holiday bookings were non-refundable. From experience, this is also not unusual. So I don't think the consumer was entitled to a refund if the holiday was still scheduled to go ahead at the time of the chargeback. So I think it's likely a claim for "credit not processed" wouldn't be successful. I don't think this is disputed either.*

*However, as I said above, while the consumer wasn't entitled to a refund in the event they cancel. I'm conscious that, owing to travel restrictions arising from Covid-19, most holidays were cancelled around that time due to the inability to travel and national lockdowns.*

*However, in this case. I'm conscious that the chargeback claim was made on 16 March 2020 which was before many holidays were cancelled. E has told us that at that time it wasn't known whether the consumer's holiday would go ahead and I think it's unlikely the consumer's holiday had been cancelled when they made the chargeback claim.*

*Ultimately, it seems to me that this was a situation where the consumer cancelled their holiday and wasn't entitled to a refund of the deposit. I think it's likely that this would have been a fair defence to the chargeback claim. So it follows that I think Barclays would have successfully defended the chargeback - as it had with the other two claims - had E been able to respond in time.*

*So I think E has lost out because of what's gone wrong and I think Barclays should pay back the £4,180 it refunded to the consumer. It should also pay 8% simple interest on this amount from the date Barclays took the money back until it pays it back to E."*

Barclays didn't accept my provisional decision for the following reasons:

- It reiterated that it was unable to defend the chargeback because E didn't respond in time – i.e. by 28 April 2020. It said the response E sent was dated 20 April 2020, but it didn't receive the response until 30 April 2020.
- It thought it was unfair for it to be penalised for using the postal service system it already had in place so soon into the pandemic.
- It thought it was unfair to wholly apportion responsibility onto Barclays, given it acted in line with the chargeback policy.
- It was concerned that this could set a precedent that would unfairly penalise it.

E didn't respond to my provisional decision.

## **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've taken what Barclays has said, but I've come to the same conclusion as I did in my provisional decision.

Barclays says that E's response to the chargeback was dated 20 April 2020, but it wasn't received until 30 April 2020. However, despite previous requests, it hasn't provided anything to support this. On the other hand, E has provided a copy of the letter it sent to Barclays in response to the chargeback claim which says that Barclays didn't write to it until 22 April 2020. I'm persuaded that this is likely to be what happened as it's based on something written at the time – i.e. Barclays didn't write to E until eight days after the pre-arbitration claim was raised for its comments, giving E just six days to respond.

E has said, owing to the government-imposed requirements to work from home, it was only able to collect post from the office once a week. So it said it didn't receive the letter from Barclays until 3 May 2020. I'm persuaded by what E has said here and, as I said, it's provided the letter it sent in defence to the chargeback which supports E's testimony.

Further to this, if as Barclays alleges, E had to respond by 28 April 2020, Barclays should have written to E before 22 April 2020. In doing so, it's only given E a few days to respond, which I don't think is fair.

I remain of the opinion that, given the very limited timeframe available to E to respond (14 days) I don't think it was fair for Barclays to use post as the *only* method of communication. And I think it's Barclays' failure to be pro-active in this case that has caused E to suffer the loss – as opposed to anything E did wrong.

Ultimately, for the reasons I set out in my provisional decision, I think the chargeback would have been fairly defended had E been able to respond in time. So I still think E has lost out for the reasons I've set out above.

## **My final decision**

For the reasons I've set out above, it's my final decision that I uphold this complaint. I require Barclays Bank Plc to pay E £4,180. It should also pay 8% simple interest on this amount from the date Barclays took the money back until it pays it back to E.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 10 February 2023.

Guy Mitchell  
**Ombudsman**