

The complaint

Mr W complains that Barclays Bank UK PLC, trading as Barclaycard, won't refund interest on his account following a dispute with a third party.

What happened

In 2018 Mr W used his Barclays credit card to pay a third party for services through an intermediary. Mr W originally complained to Barclays about his dispute with the third party, but then withdrew his complaint because he understood the intermediary would deal with the matter. The intermediary looked into the matter and Mr W was refunded the amount he paid the third party. But Mr W didn't immediately pay off the transaction on the credit card, so it accrued interest over time. Barclays told him that it was entitled to charge him interest as that's the agreement they'd made when it gave him the credit card. So Mr W complained to Barclays. But Barclays said it had done nothing wrong. So Mr W complained here.

Originally an investigator told Mr W that Barclays hadn't done anything wrong. A colleague then asked Barclays whether it was willing to do something to bring the dispute to an end. Barclays reconsidered the matter and without admitting liability offered Mr W a partial refund of twelve months' worth of interest on the disputed amount which it would round up to £355. Mr W says the interest on the amount he disputed equates to over £1080. So he refused the offer and asked for a decision. So the complaint has been passed to me to decide.

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.

When Mr W took out the credit card he agreed to making repayments regularly and understanding that if he didn't clear the full amount of credit each month that he'd be liable to interest. He also agreed to late payment charges and other charges in other instances as part of entering the agreement to have such credit extended to him. I've seen no persuasive evidence of Barclays removing or rescinding its rights to apply such interest and charges throughout the lifetime of this account.

I appreciate Mr W was very unhappy on reflection with the payment he made to the third party using his Barclays credit card. But his issue was with the third party and not with Barclays. So his decision not to pay off his credit card during this time sits with him. I've seen no persuasive evidence of Barclays telling Mr W that it would not charge such interest or charges or that it would waive them. So although I appreciate Mr W was displeased with the third party that doesn't make it fair for him to not pay Barclays as he had agreed to do. Or

make it unfair for Barclays not to add interest and charges to his account due to not making the agreed payments.

Barclays has explained that it sometimes waives such charges whilst disputing transactions with third parties on behalf of its account holders but has no obligation to do so. Here Mr W dealt with the intermediary directly and not through Barclays (as he had withdrawn his dispute with the third party through Barclays).

Mr W was successful when disputing with the intermediary directly and was repaid the money he paid the third party by the intermediary. But just because this happened doesn't mean Barclays was wrong to make the charges and apply interest applicable under the agreement Mr W had with it when he didn't make his full repayments. So I'm not persuaded Barclays has done anything wrong in applying such charges and interest. So I don't think it's made a mistake and I don't order it to make any corrective action as there is nothing for it to correct. So I don't uphold this complaint.

Subsequently to the assessment of the Investigator, Barclays has offered a partial refund of £355 to Mr W's account as a gesture of goodwill. Since Barclays has done nothing wrong, clearly this offer is fair to my mind. In summary I think that Mr W hasn't lost out here due to what Barclays did. I think Barclays made a fair decision regarding the interest and charges. So this complaint is unsuccessful. Mr W has refused this gesture of goodwill from Barclays. So I see no reason for Barclays to pay it in these circumstances unless it chooses to do so out of continued goodwill.

My final decision

For the reasons set out above, I do not uphold the complaint against Barclays Bank UK PLC, trading as Barclaycard. I has nothing further to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 June 2023.

Rod Glyn-Thomas
Ombudsman