

## **The complaint**

Mrs P complains Barclays Bank UK PLC won't refund her for a purchase she didn't receive.

## **What happened**

Mrs P was looking to buy a graphics card and found one at a good price. Mrs P paid using her Barclays debit card but never received the graphics card.

Mrs P contacted Barclays and it raised a chargeback. Barclays temporarily refunded the amount and also stopped Mrs P's card. Around two months later Barclays wrote to Mrs P and said the chargeback had failed and it would be taking back the refund.

Due to a change in exchange rate, Barclays said it would be taking back more than it refunded. Mrs P complained to Barclays, and it sent a final response.

The final response said the correct outcome had been reached and the decision wouldn't be overturned. Unhappy with this response, Mrs P brought her complaint to this service.

An investigator looked into things and thought Mrs P's complaint should be upheld, but only for the difference in exchange rate. The investigator explained Mrs P hadn't paid the retailer direct, but instead her card payment had gone to a money transfer company.

When Barclays raised the chargeback, it contacted this money transfer company and was told the payment had been completed correctly. Because of this, the chargeback failed, and Barclays took back the temporary refund it had given Mrs P.

The investigator didn't think Barclays needed to refund Mrs P in full, but thought it was unfair Barclays was taking back more money than Mrs P had originally paid and been refunded. Barclays agreed to refund the difference and 8% simple interest.

Mrs P disagreed, and a representative added further information for the investigator to consider. For ease, I'll only refer to Mrs P even where her representative may have made the submissions to this service.

Mrs P said she didn't receive the goods and couldn't understand why the card protection scheme would deny a refund when she hadn't received anything. Mrs P thought it was negligent of Barclays not to protect her from fraud.

Mrs P had contacted Barclays as soon as she could when she realised she might have been the victim of fraud.

Mrs P said Barclays had said it received information to show proof of delivery, but this couldn't be true. Mrs P also didn't know why Barclays tried to chargeback against the money transfer company and not the retailer she tried to purchase from.

Mrs P also said it was impossible for her to know she was paying a money transfer company and not the retailer direct. Mrs P asked for an ombudsman to decide things.

## **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 think it's very likely Mrs P was the victim of fraudulent practice by the retailer she thought she was paying. From what I've seen Mrs P's card transaction was to a money transfer company, and not the website apparently selling the graphics card.

I think it's likely the retailer's link to make a payment, or payment processor, directed her card payment to the money transfer company. And I agree it would have been difficult for Mrs P to know this when she made the purchase.

But I'm satisfied Mrs P authorised the payment to the money transfer company. There's been no dispute her card details were entered by Mrs P, so I can't say the payment was unauthorised.

I accept Mrs P didn't get what she thought she'd paid for and contacted Barclays as soon as she knew this. And, in normal circumstances, the chargeback process could be used to dispute payments for goods not received.

But Mrs P didn't pay the retailer direct. Instead, Mrs P paid a money transfer company, to complete a payment overseas, and this payment was successfully completed. So the seller was the money transfer company, it sold a transfer service which Mrs P authorised.

The only company Barclays could contact was the money transfer company. I'm satisfied the response Barclays got was the payment Mrs P authorised was completed correctly and couldn't be refunded.

I can't see Barclays told Mrs P the goods had been delivered, or it had proof of delivery. I've seen the letters Barclays sent Mrs P about the chargeback, and they say the refund is temporary. Another letter says the money transfer company has disputed the refund.

There may be some confusion about the service Mrs P authorised. The service provided by the money transfer company was, I think, completed successfully. But this was the transfer of money to an unknown third party – not the supply of the graphics card.

The response from the money transfer company didn't say anything about the purchase of the graphics card or any delivery. The response simply said the transfer had been completed, as authorised, and there was no refund due.

I can understand Mrs P's frustration, she thought she'd purchased a graphics card and never received it. But I don't think this is what the card payment was for. And because the card payment wasn't made to the retailer, Barclays couldn't request a refund from the retailer.

I don't think Barclays has been negligent in failing to protect Mrs P from fraud. Mrs P authorised a card payment and Barclays tried to recover this for her.

It's unfortunate the chargeback process didn't work for Mrs P, but this isn't Barclays' fault. The rules for chargebacks are laid down by the card issuer, in this case Visa.

I'm satisfied Barclays did all it could to try and get a refund for Mrs P, submitted the chargeback in good time and appropriately considered the response from the money transfer company. Unfortunately, the response was Mrs P wasn't entitled to a refund.

When Barclays took back the temporary refund it took £13.71 more than it had initially refunded. This is because the money transfer was made for a specific amount in Euros, and the exchange rate had changed between the original purchase and the debit by Barclays.

Barclays has since agreed to refund this amount, and 8% simple interest because Mrs P has been deprived of the £13.71. In the circumstances, I think this is a fair offer.

But I don't think Barclays needs to refund Mrs P the initial card payment she made. The service Mrs P paid for was completed, even though it seems this wasn't what Mrs P either wanted, or knew she'd made.

### **My final decision**

My final decision is I uphold this complaint and Barclays should refund Mrs P £13.71 and pay 8% simple interest on this amount from 27 September 2022, the day Barclays took back the temporary refund, to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 13 July 2023.

Chris Russ  
**Ombudsman**