

The complaint

Mr A complains Barclays Bank UK PLC trading as Barclaycard didn't do enough when he had disputed transactions on his credit card.

What happened

Mr A had a credit card issued by Barclaycard.

Mr A says Barclaycard contacted him in August 2020 to question payments on his credit card that looked unusual. He says he told Barclaycard that he didn't recognise them as he'd not used his card since the beginning of lockdown. He says that Barclaycard told him it would send him a new card and an indemnity form which he had to complete and return so that it could investigate the transactions. Barclaycard says it has no record of this call. Barclaycard does, however, say that it applied a Covid payment holiday to Mr A's card in August 2020 meaning he didn't have to make any payments towards his card for three months – in other words until November 2020 – in any event.

Mr A says that he didn't receive the new card or indemnity form he'd been told he'd be sent and that in November 2020 he received a text message to say that his case had been closed. Barclaycard, on the other hand, says it sent Mr A several claim forms which he never sent back or filled in online. Barclaycard says it closed Mr A's case and held him liable for the disputed transactions because it needed the form in order to investigate his claim.

Mr A phoned Barclaycard on 1 December 2020 to find out what was going on with his claim. He says the agent he spoke to told him Barclaycard had made a mistake, that his account would be put on hold and that he didn't need to make payments in the meantime. Mr A says he cancelled his direct debit following the call and once again waited to hear back from Barclaycard. He says Barclaycard didn't get back to him.

Barclaycard applied a late marker to Mr A's account because he didn't pay anything towards his outstanding balance in December 2020. Mr A was unhappy about this and complained to us. Barclaycard also started writing to Mr A to say his account was overdue. Mr A complained about this too saying that Barclaycard had said his complaint had been escalated to the highest level and he shouldn't have been the one who had to do all the chasing – he should have been entitled to pay nothing until he heard back.

Two investigators have looked into Mr A's complaint.

The first investigator asked Barclaycard to put collection activity on hold whilst we investigated Mr A's complaint. Barclaycard agreed to do so. Despite this, Barclaycard wrote to Mr A several times during 2021 chasing him for payment and sent him a default notice. Barclaycard says it re-applied the holds to Mr A's account each time it sent a letter in error as it accepted it had agreed not to chase him for payment. In addition, the first investigator asked Mr A to complete and return Barclaycard's indemnity form so that Barclaycard could investigate the payments he was disputing. Mr A returned Barclaycard's indemnity form in November 2021 – more than a year after the event. He disputed two transactions totalling £156.84 – an online transaction and a cardholder present transaction – when he did so.

Barclaycard agreed to refund the online transaction – which was for £80 – but not the cardholder present transaction – which was for £76.84. Barclaycard also offered £50 in compensation for the distress and inconvenience the call in December 2020 had caused.

Barclaycard says that Mr A's outstanding balance was approximately £7,100 once the refund had been processed and that as that balance was made up of genuine undisputed transactions it was going to re-start collection activity. That was in December 2021. We told Mr A what Barclaycard was going to do. Barclaycard says Mr A still didn't pay, and that it ultimately defaulted his account. Barclaycard did so in March 2022. Mr A said that he'd complained to Barclaycard about adverse information it had applied to his credit file, had been told that his complaint had been escalated to the highest level and had been told not to make payments in the meantime. So, he wasn't happy with what Barclaycard had done.

A second investigator looked into Mr A's complaint in 2022. They thought that it was unfair of Barclaycard to record a missed payment on his credit card for December 2020 given that the agent Mr A had spoken to had told him that he didn't need to make his usual payment. But they also thought that the compensation Barclaycard had offered – £50 for the distress and inconvenienced Mr A had been caused – was fair in the circumstances. They didn't think that Barclaycard had handled Mr A's disputed transaction claim unfairly as he didn't return Barclaycard's indemnity form when he was originally asked to do so. In any event, our second investigator didn't think it would have made a difference if Barclaycard had refunded Mr A in August 2020 as he'd ultimately only disputed £150's worth of transactions meaning he had an outstanding undisputed balance of around £7,000 which he should have been making payments towards. Mr A disagreed with our investigator's recommendations saying that he was the only one who was suffering and asked for an ombudsman to look into his complaint. So, that's what I've done.

Earlier on this month I issued a provisional decision saying that I was minded to uphold this complaint and require Barclaycard to refund an additional £603's worth of disputed transactions – something Barclaycard had agreed to do following my involvement. In addition, I said that I was minded to require Barclaycard to pay Mr A £500 in compensation for the distress and inconvenience it has caused. I asked Barclaycard if it was willing to refund the additional £603's worth of disputed transactions after I became involved because I was satisfied that Mr A hadn't authorised them and that they would have been refunded had Barclaycard dealt with his disputed transactions claim properly when it was first raised. And I said Barclaycard should pay Mr A £500 in compensation having taken into account the distress and inconvenience Barclaycard had caused Mr A when it had chased him for payment despite agreeing that it would place his account on hold whilst we investigated.

I gave both parties an opportunity to comment on what I said. Barclaycard was happy with my provisional decision and so accepted it. Mr A didn't reply.

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.

Barclaycard has agreed to refund an additional £603's worth of disputed transactions on top of the £80 it has already refunded. In my provisional decision, I said I thought that was a fair outcome as far as Mr A's disputed transactions claim was concerned. In my provisional decision, I then identified the issues that I thought were left for me to decide. I identified five questions that I still had to decide which were:

- whether it was unfair of Barclaycard to record the fact that Mr A missed a payment in December 2020;
- whether it was unfair of Barclaycard to chase Mr A for payment whilst we were originally investigating his complaint;
- whether it was unfair of Barclaycard to chase Mr A for payment after it had refunded him for one of the two transactions he ultimately disputed;
- whether it would have made a difference if Barclaycard had got the refund right in August 2020; and
- whether the compensation Barclaycard has offered – £50 – is fair in the circumstances.

missed payment in December 2020

In my provisional decision, I said that I agreed with our investigators that it was unfair of Barclaycard to record the fact that Mr A missed a payment in December 2020. I remain of that view – the agent Mr A spoke to in December 2020 repeatedly said that he didn't have to worry and that everything would be taken care of when he asked whether he'd had to make his usual payment. So, I don't think it was unreasonable of Mr A not to pay that month. I also remain of the view that Mr A couldn't reasonably have taken what the agent said to mean that he could stop payments completely, particularly given that he had a substantial genuine balance before the disputed payments had taken place – of almost £6,500. But as I said in my provisional decision there was another reason why I think Barclaycard shouldn't have been chasing Mr A for payment between January and November 2021, namely the fact that Barclaycard had agreed to put Mr A's account on hold whilst we investigated.

chasing Mr A for payment whilst we were originally investigating his complaint

In my provisional decision I said that Barclaycard agreed to put collection activity on hold when our first investigator asked them to do so. I also said for that reason, rather than anything the agent Mr A had spoken to had said, that I agreed Barclaycard shouldn't have been chasing Mr A for payments between January 2021 and November 2021. I said that Barclaycard did so several times and that each time Mr A complained to us, and we spoke to Barclaycard we were told he'd been chased in error, that the hold had been re-applied, and that Mr A could ignore the letters he'd received. For those reasons, I said that I was satisfied that Mr A had been caused significant distress and inconvenience for which he hasn't yet been compensated. I said I could also see that Barclaycard had recorded the fact that Mr A had missed payments during that period – and defaulted him in August 2021 too – during this time, which I considered to be unfair. I remain of that view.

In my provisional decision, I noted that Mr A's credit file says that his Barclaycard account defaulted in March 2022 rather than August 2021. So, I considered whether or not

Barclaycard defaulting Mr A in March 2022 was unfair or not.

chasing Mr A for payment after it had refunded him for one of the two transactions he ultimately disputed

In my provisional decision, I said that I was satisfied that Barclaycard took Mr A's account off hold in December 2021 having refunded one of the two transactions he disputed in November 2021. I said I didn't think that was unreasonable of Barclaycard given that Mr A had only disputed £156.84's worth of transactions meaning he had an outstanding balance of approximately £7,000 that he didn't dispute – particularly given that Barclaycard had agreed to refund one of those transactions meaning that £76.84 at most was still in dispute. I also said that I could see that we'd spoken to Mr A and told him that Barclaycard was going to start chasing him for payments again, so he needed to set up a new direct debit or include the balance he wasn't disputing in a debt management plan or make other arrangements. I said that I appreciated that he, like many others, had a lot going on at the time, and that Barclaycard had chased him for payments throughout 2021 only to say that it had done so in error as it had agreed to put collection activity on hold whilst we investigated. But I also said that by December 2021 the only transaction Mr A appeared to still be disputing was a cardholder present transaction for £76.84 – in other words, a payment he more than likely made – which wouldn't justify withholding the rest of the balance that he appeared to accept he owed – a balance of around £7,000. So, I said I didn't think that was unreasonable of Barclaycard. I remain of that view.

In my provisional decision I said that it's now clear that the balance that Barclaycard asked Mr A to start making payments towards in December 2021 included £603's worth of unauthorised transactions. In other words, his genuine balance was around £6,500 instead of around £7,000. I said that it didn't feel fair to say that it was Mr A's fault for not disputing those three transactions when he completed the indemnity form in November 2021 – more than a year after the event – but equally it didn't feel fair to say to Barclaycard that it wasn't entitled to chase an outstanding balance that as far as it was concerned was at that point genuine and undisputed (except for possibly £76.84's worth which given the other amounts involved doesn't feel particularly relevant). I remain of that view. It follows that I don't think it was unfair or unreasonable of Barclaycard to record the adverse information it did on Mr A's credit file from December 2021 and onwards.

would it have made a difference if Barclaycard had got the refund right in August 2020?

In my provisional decision I considered what difference, if any, it would have made if Barclaycard had got the refund right in August 2020. I noted that Mr A's finances, given his circumstances and Covid, were under considerable strain – and that he'd told us he just about kept his head above water until the January 2021 lockdown. Having done so, I said that even if Barclaycard had refunded £603 in August 2020, I thought it was likely that he would still have got into the difficulties he did, but later on than he otherwise did. I remain of that view.

In my provisional decision I noted that Mr A had said that had it not been for the missed payment Barclaycard recorded in December 2020 he would have been able to refinance borrowing he'd taken out at a cheaper rate and that had he avoided any adverse information for a little while longer he would have been able to include the balance he owed Barclaycard in a Covid scheme that he was accepted on. In other words, he'd said that had it not been for Barclaycard's actions he would have kept his head above water.

In my provisional decision I said that I'd thought very carefully about everything Mr A had said on this point – and that we'd spoken at length and in detail – but on balance I didn't

think the refund would have been the difference between Mr A keeping his head above water and not. I added that Mr A had agreed to send me evidence showing he would have been able to refinance had it not been for the December 2020 late marker, but ultimately hadn't done so. Mr A still hasn't sent me that additional evidence. In the circumstances, and having thought about this point very carefully again, I remain of the view that a refund wouldn't have made the difference between Mr A keeping his head above water and not.

Putting things right

In my provisional decision, I said that I thought Barclaycard had caused Mr A significant distress and inconvenience throughout 2021 when it repeatedly sent him letters chasing him for payments despite having agreed to keep his account on hold whilst we investigated. I also said that we'd only awarded Mr A compensation for the distress and inconvenience that the call on 1 December 2020 caused – and that we'd said that the £50 offer is fair.

Having taken everything into account, and all the mistakes Barclaycard made and more importantly the distress and inconvenience these caused, I said in my provisional decision that I considered an award of £500 would be more appropriate. I remain of that view. So that's what I'm going to require Barclaycard to pay Mr A in addition to refunding the £603's worth of disputed transactions it's agreed to reimburse following my involvement.

My final decision

My final decision is that I'm upholding this complaint and requiring Barclays Bank UK PLC:

- to refund an additional £603's worth of disputed transactions as agreed following my involvement; and
- to pay Mr A £500 in compensation for the distress and inconvenience it has caused.

in full and final settlement of this complaint. Barclays Bank UK PLC should pay the £500 compensation directly to Mr A but can refund the additional £603's worth of disputed transactions by reworking Mr A's account, including recalculating any interest he might have paid if it wishes to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 April 2023.

Nicolas Atkinson
Ombudsman