

The complaint

A partnership I will refer to as H, complains about the service provided by Barclays Bank Plc in relation to a chargeback claim made against the partnership.

Mrs L, a partner of H, brings the complaint on the partnership's behalf.

What happened

The following is only intended as a summary of events. Additionally, as Mrs L has brought this complaint, I have referred to her throughout rather than H.

Mrs L operates holiday accommodation and has a merchant services agreement with Barclays. A third party seemingly agreed to stay in this accommodation, but then cancelled. Mrs L was apparently not informed of this cancellation and sought to charge the third party. Ultimately, the third party disputed this transaction and effectively claimed the transaction was fraudulent, raising a chargeback claim.

Upon being advised of this claim, Barclays wrote to Mrs L. Mrs L has said that she did not receive this letter. The letter advised Mrs L of the claim and gave her a deadline to provide evidence to dispute it. As this letter was not received, no evidence was provided.

Several weeks later, Barclays wrote to Mrs L again, advising that as the claim had not been defended, her account would be billed for the relevant sum. On receiving this, Mrs L contacted Barclays and was told to submit evidence to defend the claim. She did so, at some inconvenience. However, by this point, it was already too late and the claim had been resolved.

Mrs L was unhappy with this situation and felt that she should not be charged the relevant sum, as she had not received Barclays' initial letter. Barclays responded to her complaint, but did not uphold it. So, Mrs L referred the complaint to the Financial Ombudsman Service.

Our Investigator thought that Barclays had followed the correct process in terms of the chargeback, and that it was entitled to charge Mrs L for this money. But he did think that Barclays caused avoidable distress and inconvenience by asking Mrs L to provide evidence to defend the claim at a point when it was already too late for this. So, he thought Barclays should pay Mrs L £100 compensation for this.

Mrs L remained unsatisfied, and the complaint has been passed to me for a 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.

Having done so, I have come to the same conclusions as our Investigator. I'll explain why.

I do have some sympathy for Mrs L and her position. From the circumstances and evidence I have seen, there may well have been a genuine transaction that has been claimed against.

However, my role here is not to assess the merits of this claim.

Whether or not a defence of the claim would have been successful is also not down to Barclays itself. It is the card issuing company that makes this decision. And, as Barclays' Global Payment Acceptance procedure guide sets out, there are increased risks of successful chargeback claims associated with accepting Card Not Present transactions, which is what this transaction was. Effectively, it is easier for a claim to be made on the basis that it was not genuinely authorised by the payee, when they were not present to make the transaction.

I understand Mrs L's business means such transactions are likely a requirement. But she may need to operate in the knowledge of this inherent increased risk of successful chargeback claims being made. I appreciate that she may feel this situation is unfair, but whether she is correct or not, this is not a situation of Barclays' making.

It is also the card issuer who sets out the rules and time limits for any claim to be defended. Given the date the third party made the chargeback claim, it seems likely this deadline would already have passed by the time Mrs L provided the evidence to defend the claim. So, effectively, by this point the matter was out of Barclays' hands.

The issue really is whether or not Barclays should have done more to inform Mrs L of the claim. She has said that she did not receive the initial letter it sent. I am inclined to believe her. Her actions on receiving the second letter support the conclusion that she would have acted promptly upon receiving the first letter.

However, the initial letter Barclays sent was correctly addressed and it cannot really be held responsible for any failure in the delivery of this. I note Mrs L's concerns with the postal service, but this is an industry wide accepted practice of delivery and I am unable to fairly and reasonably say that Barclays should send all such notices via some other means.

Similarly, I note Barclays did not follow up this letter via email or phone. However, it is entitled to consider that the letter it sent was appropriately delivered.

The errors Barclays did make were in advising Mrs L to provide evidence at a time when this was already too late. Mrs L then had to take various actions to provide this evidence, only to be told it was too late. And this caused unnecessary and avoidable distress and inconvenience. So, I consider Barclays should pay Mrs L £100 compensation to reflect this.

I appreciate this is not the outcome Mrs L was hoping for. But hopefully I have been able to explain why I cannot fairly and reasonably require Barclays to do more in the circumstances.

Putting things right

Barclays Bank Plc should pay Mrs L £100 compensation if it has not already done so.

My final decision

My final decision is that I uphold this complaint in part. Barclays Bank Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L, on behalf of H, to accept or reject my decision before 1 December 2023.

Sam Thomas

Ombudsman