

The complaint

Mr A complains that Barclays Bank UK PLC (“Barclays”) won’t refund payments made using his debit card that he says he didn’t authorise.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Mr A reported a series of unrecognised transactions made using his Barclays debit card on 13 August 2022. He said he had paid the merchant before, but that he had not authorised the transactions made on this date as his account with the merchant had been closed a few weeks prior.

Mr A reported disputed the transactions with Barclays, who applied a temporary credit while it investigated the transactions. However, it concluded that the transactions were likely authorised by Mr A. He disagreed with this and was unhappy to discover that the temporary credit had been re-debited by Barclays after it concluded its investigation. He said he wasn’t made aware that the money would be clawed back, and that this caused him to go into his overdraft and left him in financial difficulty. He was also unable to access his mobile banking when he needed it as a block had been placed on his account, which he hadn’t been warned about.

Our investigator upheld Mr A’s complaint in part. She thought the evidence showed it was likely that the disputed transactions had been authorised by Mr A, so she didn’t think Barclays were liable to refund any of the payments. However, she agreed that Barclays’ handling of the matter could have been better, so she recommended the bank pay £150 compensation in recognition of the distress and inconvenience caused.

Barclays agreed to settle the complaint on this basis, but Mr A disagreed, so the matter has been escalated to me to determine.

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 agree with the conclusions reached by the investigator and have decided to uphold it in part.

The disputed transactions complained about took place in August 2022, so of particular relevance to my decision are the Payment Services Regulations 2017 (PSRs) – which apply to transactions like the one made from Mr A’s account.

The PSRs say that a payment transaction is authorised by the payer where they have given their consent to the execution to the payment transaction. Such consent must be given in the form and in accordance with the procedure agreed between the payer and the payment service provider.

Unless the payment service provider can show consent has been given, it has no authority to make a payment or debit the customer's account. Where a payment service user denies having authorised a payment transaction, it is for the payment service provider to prove that the payment transaction in question were authorised by the customer.

So, I've considered whether it is more likely than not that Mr A authorised the transactions. In other words, I need to decide whether Mr A made the transactions himself or gave someone permission to do so. This is important because a customer will usually be liable for payments they've authorised and, generally speaking, a bank will be liable for any unauthorised payments. And having considered the evidence, I'm satisfied the more likely explanation is that he authorised the payments. I'll explain why.

Barclays has shown that the IP addresses from where the payments were made had over 100 matches with other undisputed activity on Mr A's account. This address had been used before to carry out other transactions, as well as to login to his mobile banking. So the payments were not made from an unrecognised location.

The majority of the payments were also approved using 'stronger authentication'. This involved the bank sending Mr A a notification to his device informing him of the transaction amount, time and merchant name. Barclays has shown that the transactions were confirmed on Mr A's mobile banking app using the mobile device Mr A had registered with Barclays. It has also shown that at the time there was only one active mobile banking registration, so it doesn't seem likely that anyone else would have been able to access his account to confirm the transactions.

Mr A said that he had lost his debit card. But he also said that no one else had access to his device. So, based on all the evidence, I'm satisfied Barclays has shown it's more likely than not that Mr A authorised these transactions. I appreciate he disputes this, but there is no other plausible explanation for how an unauthorised third party could have otherwise made the payments using his card and then confirmed the transactions as genuine from his device. I understand Mr A is unhappy because the transactions never showed as "pending" before being debited from his account, which he said occurred in November. However, Mr A's statements show the transactions as having been made on 13 August 2022, which debited his account on 15 August 2022, not November 2022. But even if that were the case, it doesn't mean that Barclays would be liable to refund the payments in any event.

Mr A has questioned why the payments were not stopped. But given he had confirmed them as genuine on multiple occasions through his Barclays mobile banking app, the bank would've had little cause for concern that the transactions were not being made by Mr A himself, and they were not out of character when compared with his usual sort of spending. So, I don't think there was enough cause for it to stop the payments altogether.

I'm therefore not persuaded Barclays has acted unreasonably by declining to reimburse the transactions and treating them as having been authorised by Mr A.

Mr A is also unhappy that Barclays re-debited the funds it previously credited to his account after he disputed the payments. It is common practice for a bank to provide a temporary credit for disputed card payments while they investigate whether the transactions were unauthorised, or whether there's enough basis for a chargeback claim to succeed. Once the investigation has been completed, the bank is then able to re-debit this temporary credit if it determines that no refund would be due.

In these circumstances, given there was no basis in which Barclays would need to refund the disputed payments to Mr A, I don't think it has acted unreasonably by taking back the temporary credit applied to the account. I also cannot see that there would've been any

reasonable prospect of a chargeback succeeding in these circumstances either. However, I acknowledge that Barclays should have been clearer with Mr A that the refund was only temporary and could be re-debited.

I also appreciate that Barclays' overall handling of Mr A's fraud dispute could have been better, and that this caused Mr A distress at a time that was already very difficult for him. I can see that he had to spend a fair amount of time being able to regain access to his account, for example, although I can see that Barclays also made attempts to reach Mr A during this period but was unable to get through to him.

The investigator recommended an award of £150 compensation in recognition of Barclays poor handling of Mr A's dispute, as well as failing to clarify that the refund it had given him was only temporary. And overall, I'm satisfied this is fair compensation for the distress and inconvenience likely caused to Mr A, so I won't be making any further award in these circumstances.

My final decision

For the reasons given above, I uphold this complaint in part and direct Barclays Bank UK PLC to pay Mr A £150 compensation within 28 days of receiving his acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 1 April 2024.

Jack Ferris
Ombudsman