

The complaint

Mr H complains that Barclays Bank UK PLC (trading as “Barclaycard”) are holding him liable for a credit card balance of over £11,000 that he didn’t incur.

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 H holds a Barclaycard credit card that he says was last used in or around 2014/2015, which he paid off. He was under the impression his account had been closed in September 2019 as he received a text message from Barclaycard around that time saying this is what it would do.

However, Mr H received a text message from Barclaycard in January 2021 about an unpaid credit card bill. He contacted Barclaycard and told it that he hadn’t spent any money on the card and thought his account had been closed. He gave them his address but was informed that the address he’d given wasn’t the one registered on his account, and was initially told that it looked like a case of fraud, meaning he wouldn’t be responsible for the debt.

Mr H subsequently questioned why he was receiving letters from a debt collection agency demanding payment of the outstanding credit card balance for over £11,000. Barclaycard explained that Mr H had only raised a claim of ‘application fraud’ (as he initially told it he had never applied for a credit card) rather than ‘account takeover fraud’, so it hadn’t investigated the latter issue after it determined that there were no concerns of fraud in terms of the account application.

Following Mr H submitting a complaint about this, Barclaycard issued its final response on 22 March 2023, where it said it had previously investigated the transactions on Mr H’s credit card but said it wouldn’t be treating them as fraudulent, which it had also told him in a letter dated 15 December 2022. It said his previous complaint was upheld on the basis that he was incorrectly advised that the transactions *would* be deemed as fraudulent, and it offered him £25 compensation. But Barclaycard said the outstanding balance of the credit card would remain payable. Unhappy with this, Mr H referred the matter to our service

Our investigator upheld the complaint. There was evidence to suggest that someone else had changed the address on Mr H’s account, and that he was not present in the locations where the disputed payments took place. So, he didn’t think Barclaycard had provided enough evidence to demonstrate that the payments were likely consented to or authorised by Mr H. He therefore recommended that it buy back and write off the debt, as well as removing any adverse credit information it had recorded as a result of the disputed payments. The investigator also recommended that Barclaycard pay a further £175 compensation for its poor handling of Mr H’s fraud claim. Barclaycard disagreed, so the matter was 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. I'll explain why.

Mr H has provided statements from 2014 and 2017 showing that the credit cards he held were paid off, which was the last time he said he used the cards. Following this, there have been two instances of payments being made on the credit card since 2019. The first took place in April 2019 which was subsequently reverted in June 2019 (so this doesn't form part of the balance he is now being pursued for). The next activity on the account took place in August and September 2021.

The evidence provided by Barclaycard shows that several changes had been made to the address registered on Mr H's account from March 2019 up until he disputed the payment activity. The addresses registered to the account during the time of the disputed payment activity does not match any of the addresses Mr H has shown he was living at over the relevant period. Barclaycard has also provided evidence of the person who contacted it to change the address on the account, which does not sound like or appear to have been carried out by Mr H. So, on balance, I'm not persuaded the changes of address made on Mr H's account were carried out by him, which supports his allegations that the disputed transactions were likely to have been carried out by an unauthorised third party.

Barclaycard has said that although the address may have been changed on the account, there had never been any requests for a new PIN for any of the reissued credit cards, which would have remained the same since Mr H had last used it and would have only been known to him. It says that any payment over £45 at the time wouldn't have been eligible for contactless transactions and would require the PIN to be entered. So, Barclaycard submits there's no plausible explanation for how someone else could have used Mr H's card to make the payments without knowing his PIN.

However, Barclaycard has not been able to provide any evidence that the payments were in fact authorised by PIN, and neither are they able to show that there *weren't* any PIN requests or changes from around the time of the transactions, as it says it no longer holds these records and so cannot confirm this one way or another. So, it's not clear how Barclaycard has been able to conclude with any certainty that there were no requests made for the credit card PIN from around the time. And given it has not been able to provide any evidence to substantiate this position, I can't be sure that there were no requests made for the PIN, meaning it's entirely plausible that the unauthorised third party who changed Mr H's address could have also requested the PIN in order to authorise the payments made on the credit cards (if that was indeed how the payments were authorised). Mr H has also provided evidence to show that he was not in the location where either of the disputed payments were made.

As a result, I don't consider Barclaycard has provided persuasive evidence to demonstrate that the payments were authorised by Mr H. I'm therefore satisfied it would be fair and reasonable for Barclaycard to now write off the debt and credit card balance he is now being pursued for.

Barclaycard also told our service said that it subsequently *did* accept that Mr H's account had likely been taken over, and that there is a memo on its account notes to say that the debt on the account would be written off in April 2023. However, I can't see this was ever communicated to Mr H, and it's only recently this has been made known to our service, as Barclaycard has, until now, continued to defend its position in holding Mr H liable for the debt. I will still therefore be directing Barclaycard to write off the debt as part of the direction in this decision. Barclaycard has said that it will require Mr H to complete certain forms in

order for it do write off the debt and amend his credit file, so he will need to ensure he complies with any reasonable requests for information to enable Barclaycard to do this.

Mr H is also unhappy with the service he's received from Barclaycard throughout his fraud claim. In its final response, Barclaycard acknowledged that its handling could have been better and offered a total of £25 compensation. But I'm not persuaded this is proportionate compensation in the circumstances.

I can see, for example, that Mr H had to call and write to Barclaycard on numerous occasions and had been kept on hold and passed between various departments, neither of which were able to raise his fraud claim correctly or address his concerns properly. He was also initially told that he would not be held liable for the debt, but was later told this was incorrect. I can appreciate that such poor communication would have been very frustrating at what was already a stressful time for Mr H.

Barclaycard said that Mr H had raised a claim of 'application fraud' rather than 'account takeover fraud', which was why it didn't investigate whether someone had taken over his account. But this differentiation (which seems to be something Barclaycard may designate to different departments internally) shouldn't have ultimately hindered the overall investigation or consideration of Mr H's claim, which was that someone had fraudulently used a credit card in his name to make unauthorised payments. I appreciate that Mr H initially said he hadn't applied for the credit card, but it's clear that he later told it that he thought someone had taken over his account, which he thought had been closed. He also wrote to Barclaycard on 6 March 2023 setting out which transactions he was disputing on a card that hadn't been used for years. So, I think Barclaycard ought to have investigated and responded to this much sooner than it did. Barclaycard has also provided contradictory and confusing information in respect of whether it was willing to write off the debt, as I've set out above.

Our investigator recommended that Barclaycard pay a further £175 compensation on top of the £25 it has already offered. And having considered the likely impact of Barclaycard's poor handling of Mr H's fraud claim and subsequent complaint, I'm satisfied this award is fair and reasonable in all the circumstances.

My final decision

For the reasons given above, I uphold this complaint and direct Barclays Bank UK PLC trading as Barclaycard to:

- Make any necessary arrangements with the debt collection agency for the outstanding debt incurred on Mr H's credit card to be written off.
- Barclaycard should also amend Mr H's credit file and remove any adverse credit information it had recorded as a result of the disputed payments and unpaid balance.
- Pay Mr H a total of £200 compensation (£175, plus the £25 it has already offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 April 2024.

Jack Ferris
Ombudsman