

The complaint

Mr O complains about how Barclays Bank UK PLC dealt with his chargeback dispute about a package holiday.

What happened

In March 2023 Mr O purchased a package holiday for nearly £3,500, and paid for it with his Barclays debit card. During his stay, he was dissatisfied with the hotel, because it was a building site. He also found the hotel staff to be intimidating. When he got home he raised the matter with ABTA, but at their first stage he did not get what he wanted (he was offered a voucher for £350), and he did not wish to pay a fee to escalate his claim to their second stage. So he asked Barclays to open a chargeback dispute instead. He asked for a refund of about 70% of what he had paid in total (that is, one of two payments).

Barclays raised a chargeback, but the merchant defended it, saying that its terms and conditions stipulated that if a customer experiences a problem, then they must contact the merchant or their hotel in the first instance. Because Mr O had not done that, Barclays accepted that he was not entitled to a refund, and closed his claim.

Mr O complains about that outcome, and about Barclays deciding the outcome of his claim instead of putting it to Visa. He also complains that when his claim was opened, Barclays had given him the wrong email address to submit his evidence to. This meant that not all of his evidence was considered. Barclays accepted that this was its fault, and paid him £250 as compensation. But Mr O considered that this might have prejudiced the outcome of his chargeback dispute, so he brought this complaint to our service.

In response to the main complaint issue, Barclays argued that chargeback had not really been a suitable forum for complaining about the quality of the hotel, because the merchant had provided all of the services Mr O had paid for; he should have approached the merchant directly.

(Mr O also complained that he had not been allowed to speak on the phone to one of the bank's complaint handlers who had sent him a letter.¹ However, that issue falls outside the jurisdiction of the Financial Ombudsman Service; I will explain why in the next section.)

Our investigator did not uphold this complaint. He said that Barclays had been entitled to decline Mr O's claim because it had not had a realistic prospect of succeeding, due to the merchant's defence. He thought that the further evidence which Mr O had been unable to provide because of the email fiasco would not have made a difference to the outcome, and so £250 was fair compensation for that issue.

Mr O did not accept that decision. He said that the merchant had accepted liability by offering him the £350 voucher. He said that the merchant must have been provided with the correct email address to send its evidence to, and so he had not been on a level playing

¹ Barclays told him that was because she had not been available at the time, and she had not been the main complaint handler involved in his case; her involvement had been minimal.

field. He asked for an ombudsman's 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 do not uphold it. I will explain why.

First, it is important that I make it clear that my remit is only to consider how the bank acted. That does not prevent me from taking into account evidence about what the merchant did and the condition of the hotel, and I have seen Mr O's photos of the work which was being carried out on the hotel grounds. But I can't uphold this complaint just if I think that Mr O received poor service during his holiday; I have to identify an error which was made by the bank.

It is not in dispute that the bank did make an error, and that this prevented Mr O from submitting all of the evidence he wanted to. Barclays has already paid £250 for that, so I've had to decide whether that was fair compensation (in which case I would not uphold the complaint) or if it should be increased (an uphold). That would depend on whether this error affected the outcome of the chargeback dispute, so I will turn to that next.

It is not in dispute that Mr O did not complain to the hotel or to the merchant during his stay. There may well have been a good reason for that, but I'm afraid that would not have made a difference to the chargeback dispute: the merchant's terms and conditions still needed to be followed (even though they had offered him a voucher), and the terms required customers to raise a complaint with the merchant straight away, providing as much information to them as possible. (Mr O was not required to pursue a claim with ABTA, so his decision not to pay ABTA's fee did not make any difference to his chargeback dispute.)

Since Mr O does not allege that he in fact did do that, I don't think the fact that the evidence he wished to provide, but which was not seen by Barclays, would have made a difference to the outcome of his dispute. So I think that £250 is fair compensation for the bank's error.

Based on the evidence which Barclays had seen, or should have seen, I think that Barclays was entitled to decide to decline to take the chargeback dispute further. Visa's only involvement (apart from setting the chargeback rules) is to arbitrate appeals against the first instance decision of the bank, but customers can't appeal as of right; this is at the bank's discretion (as the banks have to pay a fee to do this), and so Barclays was entitled to take the strength of the claim into account. So I don't think that Barclays was obliged to do more.

Finally, I can only consider a complaint about how the bank dealt with the chargeback process itself. I can't consider a complaint about how the bank handled Mr O's complaint about how it dealt with the chargeback; that's one degree removed from the regulated activity I have power to investigate. That means that I can't consider his complaint about being unable to speak to a particular complaint handler.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 June 2024.

Richard Wood
Ombudsman