

The complaint

Mr D has complained Barclays Bank UK PLC held him liable for fraudulent transactions and re-debited the funds leaving him in a precarious financial position.

What happened

In June 2021 Mr D contacted Barclays as he'd noticed card transactions on his account which he'd not made. On 18 June Barclays confirmed that Mr D's genuine card and PIN had been used so they wouldn't be refunding him.

Mr D complained further. On 19 July, 2 and 4 August Barclays credited his account with the disputed amounts. Mr D believed this meant the complaint was resolved. He spent the money that had been re-credited totalling £3,640.27 on his normal outgoings.

On 21 and 24 September and 6 October Barclays re-debited Mr D as they believed he'd made the transactions. This meant that Mr D was considerably overdrawn at a time when he was unemployed.

In early 2022 Barclays set up a balance reduction plan for Mr D's overdraft which was completed in June 2022. As the overdraft (amounting to more than £2,900 at that stage) was not repaid, Barclays closed his account and sold the debt to a debt collection company. Mr D started making payments to this debt.

Mr D subsequently discovered a default had been registered against his credit record and was concerned at the long-term impact this would have. He complained to Barclays who believed they'd done nothing wrong.

Mr D brought his complaint to the ombudsman service.

Our investigator tried to get evidence from Barclays to show how the transactions had been authorised particularly as it was unlikely these had been authorised using chip and PIN when they had been completed at a distance.

Barclays were able to show responses they received from the merchants involved confirming – they believed – the IP address was similar to Mr D's and where previous undisputed transactions had taken place. They couldn't provide any evidence of further authentication. Our investigator felt he had no choice but to ask Barclays to refund Mr D in full. He also believed that not all the transactions had been originally credited so asked Barclays to refund £3,640.27 and £1,023.31. As Barclays shouldn't have re-debited Mr D, he asked Barclays to refund any debit interest charged to Mr D's overdraft from 6 October 2021, along with £150 for the inconvenience caused. He also asked Barclays to remove the default and other related negative data from Mr D's credit record.

Barclays didn't agree with this outcome. Despite being given plenty of further time, they could not provide the required evidence about authentication.

Because of the time that has passed, this complaint has been given to an ombudsman for

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've reached a similar outcome to our investigator. Where this differs, I've already ensured Mr D has been kept informed. I'll explain my overall outcome.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr D's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. Banks are required to provide evidence of how authentication was carried out. Barclays has confirmed that it will not be able to provide us with this information.

To help me come to a decision, I've reviewed the evidence Barclays provided as well as what Mr D has told us.

I believe these disputed transactions between 28 May and 7 June 2021 were carried out without Mr D's authorisation. I say this because:

- It's clear from a review of Mr D's bank statements that he occasionally gambles online. His testimony is that he'd been trying to obtain refunds from various overseas gaming websites which had meant providing his card details. These refunds were unsuccessful.
- There's no debate the disputed transactions all look like less reputable websites (some overseas) making repeat transactions of different amounts over a short period. They have all the hallmarks of fraudulent transactions.
- I note the evidence from the merchants confirm an IP address which I don't doubt is similar to Mr D's. This evidence on its own doesn't confirm how these transactions were authenticated (although it does suggest that further authentication must have taken place) nor do they confirm Mr D must have authorised these transactions.

Putting things right

In the absence of any evidence showing how authentication took place, Barclays will not be surprised that I will be asking them to refund £3,640.27 to Mr D.

As stated above I am satisfied that despite this happening over three different dates, Barclays credited Mr D with this full amount in July and August 2021. These amounts were then re-debited a couple of months later.

If Mr D had been refunded this amount, I am satisfied that he would have continued to manage his overdraft within his £1,000 overdraft limit. I've not had sight of statements for 2022 but I think it is most likely Mr D would have continued as he had in 2021. He managed his money pretty carefully, and a review of statements shows his balance remained (just)

within the overdraft limit. I won't be asking Barclays to refund all Mr D's debit interest, but all interest paid every month after 6 October 2021 (when the last re-debit was made) over £20 which was, I believe, the average debit interest Mr D was paying prior to that date.

Mr D needs to be aware that he remains liable for the debt that the third party is asking him to repay.

I also believe £150 is a fair amount of compensation to be paid by Barclays. I think Barclays may well have paid compensation of about that amount to Mr D mid-2021 and I have taken that into account.

Barclays will also need to remove negative data and the default marker from Mr D's credit record.

My final decision

For the reasons given, my final decision is to instruct Barclays Bank UK PLC to:

- Refund £3,640.27 to Mr D for the disputed transactions;
- Refund all debit interest over £20 a month which was charged from 6 October 2021 to the date Barclays closed Mr D's account;
- Pay Mr D £150 for the inconvenience caused; and
- Remove any negative data and default information added to Mr D's credit record after 6 October 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 August 2024.

Sandra Quinn
Ombudsman