

## **The complaint**

Mr C complains Barclays Bank UK PLC kept on allowing a third party to take money out of their account and reversed a refund leaving them overdrawn and without their benefits.

## **What happened**

Mr C has an account with Barclays and has done so for many years. He's disabled and receives benefits which are paid into his Barclays account.

In May 2023 Mr C booked a holiday costing £1,619 and paid a £60 deposit. He says he was then told the holiday would cost £1,690. He complained to the holiday company and ultimately cancelled. Mr C says that the holiday company continued taking payments despite the fact that he'd cancelled. So, he contacted Barclays.

Mr C says Barclays refunded his deposit and took steps to stop the holiday company from taking further payments. He says that the holiday company carried on taking payments despite this. He says that Barclays also reversed one of its refunds – which had been for £605.17 – and as a result his account not only went overdrawn, but his benefits were “swallowed up”. Mr C complained to Barclays several times.

Barclays investigated Mr C's complaints and agreed that it had given him inaccurate information for which it paid £25 compensation. In addition, Barclays accepted that it had disputed one of the payments as fraudulent which meant that it couldn't claim the payment back once it concluded the payment was genuine. Barclays offered to refund this payment – which was for £605.17 – and to pay an additional £50 in compensation because its actions meant it wasn't able to raise a chargeback. Finally, Barclays raised a chargeback in relation to the third and final payment that had gone to the holiday company – which was also for £605.17 – which it said the merchant managed to defend successfully as Mr C didn't reply when it asked for additional information it needed to respond to the merchant's defence.

Mr C was unhappy with Barclays' response and so complained to us saying that Barclays had reversed one of its refunds and as a result his account not only went overdrawn, but his benefits were “swallowed up”. Mr C also said Barclays carried on allowing the holiday company to take payments from his account – despite replacing his card several times – and told him that he couldn't close his account otherwise he wouldn't be able to get his refund.

One of our investigators looked into Mr C's complaint but didn't uphold it as they thought the steps Barclays had taken were fair. Mr C disagreed and asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed on to me.

## **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.

I've spoken to Mr C before issuing this decision as I didn't think either party had been particularly clear about what's happened in this case. It was helpful to do so as he agreed

with me that two of the three payments he made have, in effect, already been refunded. In addition, he confirmed that the merchant has offered a refund although he says he's not received this. Based on what Mr C has told me, I'm satisfied that he's £138 out of pocket. More importantly, I agree with our investigator that the steps Barclays has taken are fair.

There's no dispute that Mr C booked a holiday at the end of May 2023 using a well-known online holiday company. I've seen a copy of Mr C's booking confirmation, amongst other things. Mr C says about the cost of the holiday increased from £1,619 to £1,690 after he'd booked it. I'm satisfied he complained to the holiday company about this and that he decided to cancel the holiday given the poor response he received. That wouldn't necessarily have meant Mr C would get back all his money – that might in part depend on the booking's terms and conditions. Indeed, Mr C has sent me evidence that suggests he was charged over £700 in cancellation fees and was offered a refund of just over £465. But, for the reasons I'm about to give, I don't think that ultimately matters.

I can see that Barclays raised several disputes with the holiday company in part because it ultimately took more than one payment from Mr C's account. I'm satisfied that the holiday company did so because Mr C had agreed to pay the cost of the holiday in instalments. I'm satisfied that one of those instalments left his account earlier than Mr C had agreed. And I can understand why this would have upset Mr C even more.

The most important part of this complaint is, in my opinion, the fact that Barclays disputed one of the payments that left Mr C's account – specifically the £605.17 that left his account on 26 July 2023 – as a fraudulent payment. Barclays gave Mr C a temporary refund for this – which was paid into his account on 27 July 2023 – and wrote to him to confirm that this refund was temporary. Barclays wrote to Mr C again – on 26 July 2023 – to say that it was going to reverse this refund as it had concluded the payment was genuine and not fraudulent. Barclays said it would “take it automatically from [his] account within 14 days” and said “please make sure you have enough money in your account to cover it”.

I can see that Mr C transferred £3,400 from his Barclays account into what appears to be another account in his name on 31 July 2023. This left just over £300 in his account. In other words, I can see that Mr C transferred most of the money in his Barclays account into another account shortly after he would have received Barclays' letter saying that it was going to reverse the refund of £605.17 it had paid into his account. That meant there wasn't enough money in Mr C's account when the refund was reversed. In turn, that meant his account went overdrawn and the benefits he received on 15 August 2023 went part way to repaying that overdraft. I can see that Mr C has complained about this, but I don't agree that Barclays has acted unfairly given that it told Mr C it was going to be reversing the refund and to make sure he had enough money in his account to cover this. He would have done so had he not transferred most of the money in his account out on 31 July 2023. As that money went to what appears to be another account in Mr C's name, I don't think it would be fair to say that he was without funds because of what Barclays did.

I can see that Barclays raised a chargeback in relation to the third payment that went to the holiday company. In other words, the payment for £605.17 that left his account on 6 July 2023. That chargeback failed because the merchant successfully defended it. I'm satisfied the other two payments he made – one of £60 on 26 May 2023 and one of £605.17 on 27 June have both been refunded. Mr C confirmed that this was the case when I spoke to him on the phone. As I've already mentioned, I can also see that the holiday company in question has offered him a £465.17 refund – the cost of the holiday minus cancellation charges. It's unclear what's happened to that refund, but if I take that refund into account it means that Mr C is only £138 out of pocket and that's without taking cancellation charges into account. Barclays has offered Mr C £75 in compensation - £25 of which it has already paid – and to refund an additional £605.17 – which it hasn't paid yet. We've asked Barclays

to look into what happened to the refund the merchant offered.

### **Putting things right**

Barclays' offer to pay £75 in compensation - £25 of which it has already paid – and to refund £605.17 because of a mistake it made when disputing payments – which it hasn't paid yet – is fair.

### **My final decision**

My final decision is that the compensation and refund that Barclays Bank UK PLC has already offered is fair and reasonable. So, my decision is that Barclays Bank UK PLC should pay £75 in compensation – less the £25 it has already paid – and refund £605.17 – which it hasn't paid yet.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 July 2024.

Nicolas Atkinson  
**Ombudsman**