

The complaint

Mr H complains that Barclays Bank UK Plc didn't do enough to protect him from the financial harm caused by a scam, or to help him recover the money once he'd reported the scam.

What happened

Mr H had booked a holiday with an online travel agent, but when his boarding passes were issued, he realised they did not have his and his holiday companions middle names on them. Mr H says he contacted the travel agent and was told it would cost him £20 to change these details, so Mr H provided his card details so the payment could be made. But Mr H then noticed that a payment of over £600 was pending from his Barclays account to the travel agent, so he contacted Barclays to ask for this payment to be stopped.

Barclays said it was unable to stop the payment, but that a chargeback could be raised once the payment had been finalised. So, in September 2023, Barclays raised a chargeback regarding this payment and provided Mr H with a temporary credit of the disputed amount. As part of this process the merchant – the travel agent – defended the payment, saying that it was properly due. As a result, Barclays contacted Mr H in October 2023 to ask him for some more evidence to prove the payment had been taken incorrectly. When Mr H did not respond to this request, Barclays closed his claim, and re-debited the disputed amount from Mr H's account.

In November 2023 Mr H visited a Barclays branch, to ask about his claim, and was told a new claim would be raised. Barclays again asked Mr H for additional information, but Mr H did not respond to that request within the time-frame given.

Ultimately, Barclays said it would not be pursuing the chargeback any further. It says that Mr H did not respond to its information requests within the time-frame given in its letters, and that Mr H was incorrectly told that the claim could be reopened. It paid Mr H £50 compensation to recognise that the service he had received had been poor, but declined to refund the disputed payment.

Mr H was unhappy with this, he feels his claim has not been well handled, he says he was given inaccurate information about what he needed to do and that he has provided the information Barclays asked for. He thinks Barclays should refund the money he lost, so he referred his complaint to our service.

One of our Investigators looked into what had happened but, ultimately, they found that Barclays had treated Mr H fairly here. They felt that it was fair for Barclays to close the claim when Mr H did not respond to its letter in October 2023. And they agreed that the compensation Barclays had paid to Mr H was appropriate to recognise the confusion caused by it opening a new chargeback claim in error, and giving Mr H misleading information about the process. They also did not consider that Barclays could have done anything to help prevent this scam.

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 the same conclusion as our Investigator, and for the same reasons.

Broadly speaking, the starting position in law is that Barclays is expected to process payments and withdrawals that Mr H authorises it to make, in accordance with the terms and conditions of the account. And Mr H will then be responsible for the transactions that he has authorised.

Because of this, Mr H is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

It is not clear exactly what has happened here, the payment Mr H made did go to a legitimate merchant – the same merchant he believed he was paying – but was for a much higher amount than Mr H says he had agreed to. I don't think we can say for certain that what happened here was a scam, rather than a misunderstanding. But even if we do say that it was a scam, I don't consider that there was anything in particular about the payment that should have caused Barclays any concern or led to it intervening to prevent the payment before it was made. As I've said, it was to a legitimate merchant, it was also to a merchant that Mr H had paid before and the payment was not so high as to appear unusual or concerning in the context of Mr H's usual account usage. So, I don't think Barclays missed an opportunity to intervene. And Mr H only notified Barclays of his concerns after the payment had been made, so given that it was a card payment, there was no way that Barclays could have stopped the payment from leaving Mr H's account at that stage.

Because of this, even though I accept that it is possible Mr H was the victim of a scam, I don't think Barclays could have done anything to prevent his loss and I'm satisfied its decision not to refund the money he lost was fair. I have though considered whether Barclays could have done more to try to recover the money Mr H lost once he told it of his concerns.

Chargeback is the way in which payment settlement disputes are resolved between card issuers and merchants. They are dealt with under the relevant card scheme rules, in this case that's Visa. In certain circumstances the process provides a way for Barclays to ask for a payment Mr H made to be refunded. There is no obligation on a card issuer to raise a chargeback, nor does the raising of one guarantee a refund for the card issuer's customer. But I would consider it good practice for a chargeback to be attempted where the right exists and there is a reasonable prospect of success. And, in this case, Barclays did raise a chargeback for the disputed payment once Mr H reported that he believed he had been the victim of a scam.

When a card issuer raises a chargeback this can be defended by the merchant. When this happens the card issuer can choose to present the chargeback for a second time (pre-arbitration) or choose to not pursue matters any further. In this case, once Barclays had raised the chargeback, the merchant did respond to defend that chargeback. And this is why, on 3 October 2023, Barclays wrote to Mr H to ask him for additional information to see if it could challenge the merchant's defence. That letter said that Mr H needed to respond

within seven days or Barclays would close the claim. Mr H did not respond to that letter within seven days.

Mr H has previously said this is because he did not receive the letter, but it was sent to the correct address for him, so I think it was reasonable for Barclays to presume that the letter would be received by Mr H. Mr H has also since said that he was told by a member of staff at Barclays that he did not need to respond to the letter, but I've not seen any evidence to support this. Barclays has provided a recording of a phone call that took place on 4 October 2023, but Mr H didn't discuss his claim against the travel agent in that call, it was about some other transactions he was disputing.

So, given what I've seen, I don't think it was unreasonable for Barclays to close Mr H's claim when it didn't receive a response to the letter it had sent to him in October 2023.

I acknowledge that when Mr H did get back in touch with Barclays, he was given some misleading information about his claim. It would appear that a new claim was opened for the same payment – which should not have happened – and that Mr H was told the earlier claim should not have been closed. But I don't think the fact that Mr H was given incorrect information at that time means that Barclays was wrong to close his claim. I'm also satisfied that the compensation Barclays paid to Mr H is appropriate to recognise the frustration this misinformation would have caused.

I also think it is worth noting, that based on what the merchant said in its defence, and the evidence Mr H has since provided, it's unlikely that any further pursuit of the claim would have been successful in any case.

I appreciate Mr H won't agree, but having considered all the available evidence I don't think Barclays's decision to not pursue matters further was unreasonable or unfair. I acknowledge that Mr H is out of pocket here, but that does not mean that Barclays is responsible for his loss in the circumstances of this case.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 March 2025.

Sophie Mitchell
Ombudsman