

The complaint

G complains that Barclays Bank UK PLC (Barclays) is refusing to refund a payment that was made to a third party (I will call C) that specialises the sale of vehicles.

G is being represented by a third party. To keep things simple, I will refer to this third party as Mr W throughout my decision.

What happened

Mr W joined C's website that specialised in the sale of cars and made an offer on a vehicle on 15 February 2023. The sale of the vehicle later fell through and there is a dispute about whether Mr W or the seller decided not to proceed.

Mr W cancelled the card he had used to sign up to C's website and told Barclays he did not want to make any payments to C moving forward.

Although the sale of the vehicle didn't go through C still charged Mr W fees that it said it was entitled to charge in line with its terms and conditions that Mr W had previously agreed to. C managed to process the payment based on the information Mr W had previously provided to it even though he had cancelled the associated card.

Mr W disputed the payment with Barclays and stated the payment had been taken without permission.

Barclays initially refunded the payment to G while it raised a chargeback. C defended the chargeback and provided evidence to support it was entitled to keep the payment. Barclays considered the information received from Mr W and C, and agreed C was entitled to the funds. Barclays therefore re-debited G's account for the payment.

Our Investigator considered G's complaint and didn't think it should be upheld. Mr W on behalf of G disagreed, so this complaint has been passed to me to decide.

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 won't be upholding G's complaint. I will explain why.

Should Barclays have allowed the payment to be made to C?

When Mr W signed up to C's website, he setup a continuous payment authority (CPA). A continuous payment authority allows a merchant to take payments using the customer's card details.

Generally, a customer can cancel a CPA by contacting their bank and requesting for the CPA to be cancelled.

In this case the CPA was not cancelled, and C was able to request a payment from Mr W's new debit card.

From the information available it doesn't appear that a cancellation of the CPA was requested, but even if it was, it would only be reasonable for me to suggest that the payment should be refunded if G was entitled to a refund from C.

Recovering the payment Mr W has disputed

The payment in dispute was made by Mr W's debit card. When a payment is made by debit card the only option available to Barclays to seek recovery is to raise a chargeback.

I can see that Barclays initially refunded the disputed payment to G while it raised a chargeback, but C defended the chargeback and Barclays re-debited the account on the basis that C was able to demonstrate it was entitled to the payment.

C explained that Mr W had agreed to its terms and conditions when setting up an account and that as Mr W had decided to withdraw from the purchase it was entitled to charge the pre-disclosed fees.

To support its position C provided a copy of its system notes stating that Mr W had withdrawn from the purchase of the vehicle, a copy of the screens Mr W would have seen before making an offer, and a copy of the terms and conditions that needed to be agreed to before an offer could be made.

The terms and conditions Mr W had to agree to before placing his offer stated:

"12.2 Deposits. We may require that you deposit a portion of any bid or offer that you place...If you are the Highest Bidder or made the Accepted Offer and the sale completes, your deposit will be used to offset the appropriate portion of the Sale Price. Immediate payment may be taken from your credit or debit card by C for the deposit. Buyer's authorise C to automatically deduct our deposit from a buyer's chosen payment method in accordance with these Terms and Conditions. C will notify you of any deposits taken. Buyers are required to provide a valid payment method when buying on the website. It is a buyer's responsibility to ensure there are sufficient funds available on their payment card. If any payment is declined, their sale contract may be cancelled by the seller"

"13. Remedies for Non-Payment or Buyer Default/Cancellation

If (a) C or our payment provider, Stripe, are unable to take the deposit payable from your credit or debit card, (b) you terminate (or otherwise cancel) the contract of sale between you and the seller (and you, in our absolute discretion, are found at fault), or (c) if you refuse to pay or otherwise fail to complete the purchase of a vehicle using our escrow service for any reason (for example, if your payment method is declined/dishonoured by either your financial institution, credit provider or our escrow payments provider due to insufficient funds being available at the time of processing the payment, invalid account details, credit card cancellation, blocks placed on your account, you fail to collect the Vehicle or for any other reason), then C will endeavour to contact you and will attempt to complete/process that payment again. You must, within 24 (twenty-four) hours of being notified of the failed payment, make payment of the outstanding amount in immediately available funds during normal banking hours to such a bank account as we shall specify. We may

...(e) in our discretion and acting reasonably, retain your deposit or charge you a cancellation or default fee of at least 5% of the Sale Price (min. £100/EUR 125, no max.) to cover the actual and reasonable costs we incur because of your failure to complete the

purchase; and these costs may include but are not limited to the cost of resale of the Vehicle, any lost commission and the transaction fee (if any), administration costs, and any other reasonable costs; and you authorise us to deduct from your payment account any amount owing to us under this subclause.”

I haven't seen enough to say that C wasn't entitled to the payment made from G's account.

With the above in mind, I don't think it was unreasonable that the chargeback attempt failed or that Barclays re-debited G's account for the disputed payment.

As I don't think Barclays acted unreasonably, I don't think it needs to do anything further.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 6 December 2024.

Terry Woodham
Ombudsman