

## **The complaint**

Mr E is a sole trader, trading as S. He complains that Barclays Bank Plc (trading as Barclaycard) treated him unfairly by not defending a chargeback claim against them.

## **What happened**

Mr E told us:

- In May 2023, he cancelled his agreement with Barclays for it to provide S with merchant services. Shortly after, he received a chargeback letter from Barclays about a transaction that had supposedly taken place in May 2022 for £1,500.
- Barclays didn't give any information about the cardholder, only the date of the transaction and the amount. Barclays had said that S needed to provide evidence to defend the chargeback within 14 days of the chargeback letter.
- He called Barclays as he didn't recognise the payment and the call handler went through S's statements with him but there was no record of a payment for this amount. The call handler told him to write to Barclays giving details of the call as evidence. However, due to various issues he forgot to do so.
- On 31 May 2023, he received a further letter saying that Barclays was going to debit his account with the £1,500 chargeback. He wrote to Barclays in June 2023, but it said the case was closed and it couldn't refund the chargeback.
- He thought Barclays had behaved unfairly as he'd been given a short time to respond to a chargeback that had been raised after a year, and it had access to his statements showing a payment for this amount hadn't been made. He also said Barclays didn't respond to his contact, and he was concerned that the chargeback had been made shortly after he'd cancelled his contract with it.

Barclays told us:

- The chargeback had been applied fairly in line with the card scheme rules and its terms and conditions.
- The chargeback had been raised on a transaction from May 2022, however the cardholder was told their item would be delivered in February 2023. A card issuer has 120 days in which to raise a chargeback, and in this case that date started when goods were due to be delivered in February 2023 – so the chargeback had been raised in time.
- Mr E had spoken to one of its agents about the chargeback, but they had told him that he needed to provide any evidence that he wanted to dispute the chargeback by 31 May 2023. They also provided the details of how he should do this.

- Mr E sent in information, however this wasn't until the end of June 2023, by which point the deadline to defend the chargeback had passed. It was therefore unable to defend the chargeback on his behalf to the card issuing bank. However, it had checked S's transactions and there had been a credit for £1,500 on the date in question, so it was also satisfied that S had received the transaction.
- Although S had now moved to another merchant service provider, it had debited the payment from their account in line with its terms and conditions which said S would be liable for any chargebacks whilst the agreement was in place. Mr E had accepted these terms in August 2021, so it didn't think it had done anything wrong.

Our investigator didn't recommend the complaint be upheld. He said that Barclays only needed to defend the chargeback to the best of its ability, and because S didn't provide the evidence requested within the timescale given by the card scheme rules, it didn't pursue the defence. He also said that it wasn't Barclays' decision to accept the chargeback, this was the decision of the cardholders bank.

Mr E didn't agree. He said it was Barclays fault that he couldn't identify the transaction as several had been put together on one amount and it hadn't provided the name of the cardholder. He also said Barclays website wasn't user friendly and that consideration hadn't been given to the fact that he'd been the victim of fraud. SoSo, he asked for an ombudsman to review his complaint.

I issued a provisional decision on 31 August 2024. I said the following:

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 decided to uphold it, I'll explain why.

My role here is to decide whether I think Barclays made a mistake in how it processed a chargeback request raised against S as the merchant provider of goods or services. And having looked at all the evidence that's been provided, I haven't seen sufficient evidence to persuade me that Barclays has acted fairly here.

A chargeback is the process by which some disputes are resolved between card issuers and merchants under the relevant card scheme rules. Barclays don't operate the scheme or decide if a chargeback is successful – it can only decide whether or not to defend it. If the merchant bank chooses to defend against the chargeback, the case will go to arbitration before the card scheme – who will consider all the evidence. The costs of arbitration can be significant to the losing party in the dispute so it's generally accepted that this option will only be pursued if there is a reasonable chance of defending the chargeback.

In this case, Barclays wrote to Mr E on 9 May 2023 to say that a chargeback had been raised against S, and it needed him to provide any evidence or information that could be used to defend S against the chargeback. However, I've seen that when it sent the chargeback letter to Mr E, there was no card holder name listed, only the amount of the chargeback and the transaction date. Mr E says that he wasn't able to provide any supporting documents at this time as he couldn't find that amount on his bank statement, so he called Barclays on 11 May 2023 - when the letter was received.

I've listened to the call with Barclays, and I'm not persuaded it treated Mr E fairly here. I say this because, on the call it was clear that both Mr E and the call handler didn't have enough information to be able to identify the person who had raised the

chargeback against S. The call handler told Mr E that they would raise a request to obtain further information for him to help him identify the transaction - but I haven't seen any evidence that the call or follow up email took place as agreed.

Barclays says Mr E should have known that he only had fourteen days to submit the chargeback evidence as this was on the letter he'd initially received. It also says that the call handler told Mr E that he needed to submit information before the 24 May, but I don't think that's fair. On the call, Mr E asked on several occasions if he should send in any information he had before he received the further information it was due to request, and the response was "If you want". Therefore, I don't think Mr E realised he still needed to meet the fourteen-day deadline as this had effectively been overridden by the advice of the call handler after the letter had been received. And I think it's reasonable that he thought Barclays would contact him with further information about the transaction so that he could then provide the evidence it required to defend the chargeback. Barclays' own case notes show that Mr E explained he only realised there was still an issue when he received a further letter from Barclays dated 31 May 2023 saying it was going to debit his account with the £1,500.

I recognise that Barclays says that the information about the chargeback comes from the card issuer directly and that Mr E should have realised the £1,500 could be part of a larger amount that had been received. But I don't think this is reasonable. I say this because Mr E called Barclays for help and support about the payment and Barclays' own staff didn't identify this was part of a wider payment, and couldn't locate the payment on Barclays' system or provide anything additional help at that point in time. So, I don't think it's reasonable for Barclays to think that Mr E should have been able to do this when its own staff didn't identify this.

I think it's also worth noting here that the first time Barclays gave Mr E the information required to help him identify the transaction was in its Final Response Letter of 28 December 2023. This means that Barclays was able to obtain further information from the card issuer, but it hasn't provided any explanation for why it wasn't able to provide this to Mr E within the original fourteen-day deadline it had given him.

Once Mr E was given further information, he was able to show that the chargeback wasn't actually for the goods which had been claimed for - and was for a totally different item. So given the evidence available, I think Mr E would have had a reasonable chance of succeeding in defending S against the chargeback claim, and I think Barclays' error prevented him from doing so.

Barclays has explained that it can no longer defend S's chargeback claim due to the deadline having passed. Therefore, as S is unable to defend its chargeback claim via the card scheme provider as a result of Barclays' actions, I think Barclays should refund S the £1,500 it debited from S's account as a chargeback. I also think Barclays should pay S annual interest at 8% simple on the £1,500 from the date it stopped pursuing the chargeback claim until the date of settlement.

I invited Mr E and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Mr E and Barclays both accepted the decision and had nothing further to add.

### **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, as both Mr E and Barclays responded to say they accepted the decision and had nothing further to add, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I instruct Barclays Bank Plc to do the following:

- Pay S £1,500 for its chargeback claim
- Pay S annual interest at 8% simple on the £1,500 from the date it stopped pursuing the chargeback claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 4 October 2024.

Jenny Lomax  
**Ombudsman**