

The complaint

P complains about the way Barclays Bank Plc trading as Barclaycard handled a chargeback claim.

What happened

In July 2023 Mr O, the director of P, used the company credit card to pay two £100 deposits to a business (F) that arranges flights. Mr O says that after he paid the deposits, he contacted the airline which confirmed no flights or reservations had been booked by F in his name. Mr O says he then contacted F to cancel the two payments of £100 he'd authorised but wasn't able to do so.

Mr O asked Barclaycard to raise either a chargeback claim or a Section 75 claim to get the £200 back. Barclaycard responded and explained Section 75 didn't apply as the payment was made from P, a limited company, which isn't covered by the Consumer Credit Act. A chargeback claim was raised and Barclaycard contacted F about the payment Mr O made from P's credit card. P responded and defended the claim, providing a copy of its terms and conditions. F said the payment made from P's credit card didn't qualify for a refund. Barclaycard went on to decline P's chargeback claim.

Mr O raised a complaint on P's behalf and Barclaycard issued a final response on 6 October 2023. Barclaycard said F had successfully defended the chargeback claim, in line with the Mastercard rules, and had provided a copy of its terms and conditions. Barclaycard also confirmed it wasn't able to pursue a Section 75 claim for P as it is a limited company. Barclaycard didn't uphold P's complaint.

Mr O referred P's complaint to this service and it was passed to an investigator. They agreed that Section 75 wasn't available to P as it's a limited company and not covered by the Consumer Credit Act. The investigator thought Barclaycard had fairly considered P's chargeback claim and that its decision to decline it was reasonable.

Mr O asked to appeal P's complaint and said he'd tried to purchase tickets after his mother became unwell and he needed to visit. Mr O said that when speaking with F, he was told that if it wasn't able to find him flights it would refund the payment he made. Mr O said that as soon as he made the payment, he tried to contact F without success. Mr O went on to contact the airline which confirmed no reservation had been made in his name. Mr O said that when he was able to speak with F it said provisional airline details were provided. Mr O says F then told him it was only able to find more expensive flights in business class due to strike action. Mr O says he was offered other less convenient options by F but decided not to proceed. Mr O accepted that Section 75 didn't apply to his claim as the payment was made from a business credit card. As Mr O asked to appeal P's complaint, it's been passed to me to make a 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.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. What this means here is that Barclaycard can in some circumstances ask for a transaction to be reversed if there's a problem with the goods or services supplied by the merchant that the consumer paid for. But the chargeback process doesn't give the consumer legal rights and it isn't guaranteed to result in a refund. It all depends on what the merchant says in response to the request the bank submits.

As Barclaycard and the investigator have already noted, Section 75 doesn't apply in this case as the payment in question was made using P's company credit card. Mr O's confirmed he understands that position, so I've gone on to look at whether Barclaycard dealt with P's chargeback claim fairly or not.

There's no guarantee that a chargeback claim will be successful once raised. When a customer raises a chargeback claim, the card provider asks for details of the claim and the merchant business is contacted for their comments and any evidence it wishes to provide. Here, I can see that Mr O asked for help getting P's payments back and Barclaycard raised a chargeback claim. Contact with F was made and it provided details of the provisional booking Mr O made along with its terms and conditions. The information provided an option for the flight F said it could arrange. Terms and conditions were also provided that said:

"...if you paid an initial deposit or full payment and before ticket issuance, at any stage if you wanted to cancel your reservation then £100 will be deducted as a cancelation charge per passenger..."

Applying the terms to P's case, Mr O had paid an initial deposit of £100 for each of the tickets. The terms say that cancellation at any stage will lead to £100 being retained per passenger. Ultimately, Barclaycard was satisfied the terms had been fairly applied by F and it wasn't able to take the chargeback claim further. I'm sorry to disappoint Mr O but I'm satisfied Barclaycard made a reasonable decision based on the information it had available. I haven't been persuaded that Barclaycard made a mistake or treated P unfairly by declining to take the chargeback claim further once it was defended by F.

As I'm satisfied Barclaycard had reasonable grounds not to take P's chargeback further and that it dealt with its complaint fairly, I'm not telling it to take further action.

My final decision

My decision is that I don't uphold P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 3 December 2024.

Marco Manente
Ombudsman