

## **The complaint**

A company, which I'll refer to as C, complains that Barclays Bank Plc trading as Barclaycard (Barclays), failed to notify it of two chargeback claims, which meant it was denied the opportunity to present evidence in rebuttal.

In bringing this complaint, C is represented by its director, who I'll refer to as Mr D.

## **What happened**

Barclays have told us that:

- In June 2016 they agreed to provide merchant acquiring services for C. And to that end, C agreed to be bound by the terms and conditions of the agreement, which was accompanied by the Merchant Procedure Guide.
- In June and July 2024, two chargebacks of £510.72 and £30.98 were raised by the card issuers. In the first instance, the cardholder maintained they'd returned the item to C but was still being charged for it. And in the second instance the cardholder submitted they hadn't authorized a card not present transaction.
- They sent letters dated 19 June and 3 July 2024 to C's business address to notify it of the chargebacks.
- Chargeback rules which are issued by the relevant card schemes require responses from the merchant about a chargeback to be supplied within 14 days, starting from the date of the letter. But since they didn't receive a response from C to their letters, they were unable to defend the chargebacks, and ultimately the amounts were debited to C's account.

Mr D told us that:

- He's aware that typically when a chargeback occurs, by way of notification, Barclays send letters to C to give it an opportunity to submit evidence to defend the claim. But C did not receive the letters Barclays said they sent in June and July 2024. He became aware of the chargebacks when he noticed the debits on C's account statements.
- Barclays' assertion that they sent the letters is disputed. Especially because during the period in question no correspondence went missing. Indeed, C's account statements arrived safely.
- Because C wasn't given the opportunity to defend the chargebacks, it suffered a financial loss totalling £581, comprising the two chargeback amounts referred to plus the £20 chargeback fee that Barclays also levied.
- To resolve the complaint, Barclays should refund the total amount.

Barclays' refusal to refund the chargebacks meant C's complaint remained unresolved. So, it was referred to our service to consider.

Our investigator looked into the complaint. She was satisfied that Barclays had asked C for the evidence needed to defend the two chargebacks. In particular, having regard to the correctly addressed letters dated 19 June and 3 July 2024, which she believed Barclays did send to C.

Although sympathising with C that the letters weren't received and so it was unable to respond with evidence to challenge the chargebacks, she didn't think she could fairly blame Barclays for that.

Mr D didn't accept the investigator's conclusion and has asked for an ombudsman to review C's case.

In summary Mr D said that whilst Barclays provided copies of the 19 June and 3 July 2024 letters as "proof" they were sent, that alone does not demonstrate that they were. More importantly, neither does it demonstrate that they were delivered. Given the importance of such notifications, without firm evidence of delivery —such as a tracking record, it's unclear how it can be determined with certainty that Barclays fulfilled their obligation to notify C about the chargebacks.

### **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'm sorry to further disappoint Mr D but I agree with the investigator's conclusions and for broadly the same reasons.

By way of context, I should explain that a chargeback is the process by which some disputes are resolved between card issuers and merchants under the relevant card scheme rules – in this case, Mastercard (the Scheme). Barclays don't operate the Scheme or decide if a chargeback is successful – it can only decide whether or not to defend it.

As Barclays rightly point out, when a chargeback request is made, the merchant has a limited period in which to submit their response to the card scheme. Therefore, it is important that they are informed as quickly as possible about the chargeback, and information supporting a challenge is quickly passed on to the card scheme.

On receiving the chargeback requests, based on the 19 June and 3 July 2024 letters, I'm satisfied that Barclays did as reasonably they were expected to do. In other words, to notify C about the chargebacks and to ask it to provide information within 14 days if it wished to challenge them. I'm also satisfied the letters were correctly addressed in that the address is the same as appears in our own records as belonging to C.

I'm aware it's an important part of C's case that the letters never arrived. So, I've thought about that. I don't doubt Mr D's evidence in that regard. And it's difficult to explain what happened. That being said, it's worth noting that on occasions the postal service fails to operate as it should. Letters do on occasions get lost in transit. Since as Mr D says C did not receive the letters – it seems likely that's what occurred here. And this meant C missed the 14-day deadline for its response.

But I don't think I could reasonably hold Barclays responsible for that. It's important to note that in connection with C's dispute with Barclays, I can only look at whether Barclays treated C fairly and reasonably in line with the Scheme rules. And I believe they did. I can't consider matters to do with C and its customers, whose dispute with C resulted in the chargebacks.

I sympathise with C, given the unfortunate resulting consequence of not receiving the letters. In other words that C was unable to provide the evidence the bank had asked for in order to defend the chargebacks. But not having received the information to enable them to attempt a challenge, I do not think I can reasonably conclude Barclays were at fault for failing to do so.

I also thought about Mr D's submission that the letters of themselves don't absolve Barclays from responsibility for C's loss. In particular because he believes Barclays also need to prove the letters were delivered to C. But I disagree. I'll explain why.

I've seen the merchant services agreement that C entered into in June 2016 along with the accompanying terms and conditions. Section 21 is relevant and says this:

### **Section 21 – Communicating with you**

*"21.1 Any notice sent under or in connection with this agreement must be in writing. For the purpose of any notice we send to you in writing, includes letters, emails or online methods of communication...."*

*21.2 We may send any written notice to your registered office, your email address, your last place of business which we know about.....If any notice is sent by first class post it will be treated as being received at noon 3 days after it was posted (7 days in the case of second-class post. In the case of notices we send to you, this applies even if it is not delivered or if it is returned undelivered."*

I'm satisfied that Barclays were entitled to communicate with C by letter as they did on 19 June and 3 July 2024 about the chargebacks. And Clause 21.2 makes clear the circumstances such letters are deemed to have been delivered. So, contrary to Mr D's submission, I don't think Barclays are obliged to provide C with proof of delivery of the letters as he's suggested.

I can understand why in the circumstances, Mr D should nonetheless feel aggrieved that C should have to bear the cost of the chargeback amounts and chargeback fees.

In respect of the fees, I note the merchant services agreement also deals with this by way of the following provision:

### **Chargeback Fee**

*"This fee will only apply in the event of a card transaction being charged back to your account. Details of the circumstances when chargebacks will occur are set out in your merchant's terms and conditions and the procedure guide".*

Considering there were chargebacks to C, Barclays were entitled to charge a fee, and I can't reasonably say they were wrong to do so. Not only that, in respect of the chargebacks themselves, the provisions of Clause 4 of the agreement say that Barclays can take money from C for any payments made under the relevant card scheme rules. So, here too, I can't reasonably say Barclays have done anything wrong by holding C liable for the chargeback amounts and debiting them from its account.

I recognise that Mr D will be disappointed with my decision. But I don't think Barclays did anything wrong in the circumstances of this case. So, I won't be asking them to refund the chargebacks as well as the chargeback fees

**My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 16 September 2025.

Asher Gordon  
**Ombudsman**