

## The complaint

Mr H complains that Barclays Bank UK PLC didn't do enough to help him when he told it about a dispute he had with a merchant over services paid for using his Barclays debit card.

## What happened

In March 2024 Mr H purchased a package holiday with a supplier (I'll call X). The package included flights and hotel accommodation. Mr H was due to pay an initial deposit and then two further payments. The total cost was £996.69 and the payment schedule was as follows:

- £78 deposit (paid when booking)
- £369.80 (due by 26 April 2024)
- £548.89 (due by 28 April 2024)

After paying the initial deposit Mr H tried to rearrange the holiday but was told by X that this would increase the cost of the holiday. X explained that some of the components of Mr H's holiday were non-refundable, there was also a cancellation fee which X charged and that some of the individual components of his package may also charge amendment fees. X explained in-order to cancel the holiday Mr H would need to pay the cost of the flights, the ATOL fee and X's cancellation fee of £75. The total cost was £522.80. As Mr H had already paid the deposit the outstanding balance to cancel the holiday was £444.80. Mr H didn't agree to this and so the holiday wasn't cancelled at this time. On 13 April 2024 Mr H raised a complaint with X but X maintained its position. Mr H states at this time he told X it did not have his authority to take any further payments until they had reached a resolution.

On 26 April 2024 X took the first instalment from Mr H. It says Mr H agreed to a continuous payment authority (CPA) when he made the booking. Mr H has confirmed he didn't ask Barclays to cancel the CPA, however he did freeze his card due to an unrelated issue and he assumed this would stop the payment. Mr H contacted Barclays via online chat on the same day. The notes of this conversation state that the representative from Barclays explained to Mr H that freezing a card would not stop a CPA. The representative asked for further information to raise a dispute and the notes say Mr H became unresponsive so the chat ended. Mr H has said he also telephoned Barclays around this time to raise a dispute.

In late May 2024 Mr H raised a complaint that his dispute (and subsequent complaint) which he raised through the online chat, hadn't been logged. Barclays didn't uphold this complaint as it explained to Mr H that he hadn't provided sufficient information to raise the dispute and became non-responsive when Barclays tried to query this further.

Barclays then started the chargeback process in late May 2024 (in relation to the 26 April payment). In June 2024, X defended the chargeback. It argued that the flights Mr H had booked were non-refundable and the payments made covered the cost of the flights. So Mr H wasn't entitled to a refund of the sums paid. X said it waived its cancellation fee and cancelled his booking (due to non-payment of the second and final payment due) and as such the hotel was not charged. This information was provided to Mr H for his comment.

Barclays asked him to reply within 10 working days. Barclays chased a response to this and on 11 July 2024 Mr H provided a response.

In July Mr H raised a complaint about how his chargeback and complaint were being handled. Barclays upheld this complaint and together with an apology paid Mr H £150 compensation in recognition of the delays and incorrect information it provided.

Barclays then wrote to Mr H on 19 July 2024 explaining that it hadn't been able to recover the disputed payment. Mr H raised another complaint however this wasn't logged correctly. Barclays subsequently upheld his complaint in relation to the errors made. It paid Mr H a further £150 for its failure to log the complaint but maintained it was unable to recover the disputed payment.

Unhappy with Barclays response Mr H referred his complaint to our service. In his complaint to our service Mr H detailed he wanted £5,000 in compensation for how Barclays has handled the chargeback, together with an apology.

Our investigator considered Mr H's complaint but didn't uphold it. She didn't think Barclays had acted unfairly in allowing the payment to be taken from Mr H's account. Based on X's response to the chargeback, she also didn't think it had a reasonable prospect of success. And whilst she agreed Barclays had made customer service errors during the administration of the chargeback, she thought that the £300 Barclays had already paid was fair compensation in the circumstances of the complaint.

Mr H didn't agree and so the complaint has been passed to me to consider.

Mr H has also referenced an earlier dispute he had with Barclays which relates to a different matter. As this isn't the subject of this complaint, I cannot consider it as part of this 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.

Having done so I'm not going to uphold this complaint. I appreciate that this will be disappointing for Mr H. I've provided my reasons below.

#### *Continuous Payment Authority (CPA)*

As detailed above, when Mr H booked the holiday he agreed to a CPA for the final two outstanding payments. Mr H has confirmed that he didn't cancel the CPA with Barclays prior to the first payment being debited from the account. Mr H says he thought that by freezing his card it would stop the payment from being debited. However, he's not said this was something he was told by Barclays and appears to have been an error on his part. In addition, he could have easily called Barclays to clarify this and/or try and stop the payment. However, he didn't and the payment was debited under the CPA. In the circumstances I can't see Barclays acted unfairly by allowing the payment to be debited.

#### *Chargeback*

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective or not as described or where a refund hasn't been paid.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and a chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by the merchant. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

Whilst there were some initial delays (which are addressed below), Barclays did raise a chargeback in late May 2024 for the disputed payment of £369.80. However, this was defended by X. X argued that the cost of the flights were non-refundable (as per the terms and conditions of which it provided a copy). This was also detailed clearly on the booking summary. X explained that when Mr H initially contacted it to change the dates of his holiday, he was told the flights were non-refundable and he would need to pay £522.80 in total to cancel the holiday. As Mr H had already paid the deposit of £78, he needed to pay the outstanding balance of £444.80 to cancel. It said that as Mr H didn't make the final payment (of £548.89) the hotel was cancelled and Mr H was still free to use the flights he had purchased.

X's response was put to Mr H for comment. There's some debate about whether Mr H did respond in line with the deadline set by VISA. However, in any event, having considered X's defence and Mr H's response to this, I think it's unlikely the chargeback would have been successful. X was able to demonstrate it had acted in line with the terms and conditions Mr H had agreed to when booking. As explained above Mr H had agreed to a CPA and the cost of the flights were non-refundable. So I think it's unlikely that Mr H's chargeback would have been successful and I don't think Barclays acted unfairly by not progressing the dispute further. For the reasons explained, I think that even if Barclays had considered Mr H's response to X's defence, it's unlikely Barclays would have reached a different conclusion.

#### *The service Mr H has received*

It's clear Barclays has made a number of service errors during the handling of this chargeback dispute. And Mr H has been inconvenienced in relation to this. He has had to chase Barclays' responses, follow up with it to ensure his dispute has been logged and Barclays actions has delayed Mr H in receiving a final answer to this dispute. However, I can see Barclays has already apologised to Mr H and it's paid him £300 compensation in relation to this. I have noted Mr H wanted £5,000 compensation but I don't think this is reasonable or in line with our compensation bandings. Having carefully weighed up the steps Barclays has already taken, I think this is fair to compensate Mr H for the distress and inconvenience Barclays' errors have caused. So I'm not asking Barclays to pay anything further.

#### **My final decision**

For the reasons explained I don't uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 January 2025.

Claire Lisle  
**Ombudsman**