

The complaint

Mr H complains Barclays Bank UK PLC (Barclays) should have progressed his chargeback claim for charges relating to an extra day of car hire that he says wasn't provided.

What happened

Mr H and his partner booked a packaged holiday to Spain from 30 June 2024 to 4 July 2024, consisting of flights and four nights at a hotel. Mr H separately rented a car from a hire car company (which I'll call "R"), located near the airport he was arriving to and departing from.

Mr H was scheduled to pick the car up from 10am on 30 June 2024 and drop it off before 7pm on 4 July 2024. He said he returned the car before the scheduled time, went straight to the airport, and made his scheduled flight, which was due to depart at 10pm on 4 July 2024.

However, on 5 July 2024, R charged Mr H £112.26 on his Barclays Visa debit card, because it believed Mr H returned the car one day late. It appears the charges consisted of an extra day's hire and an additional fee for a late return.

Mr H said he never authorised the transaction and asked Barclays to treat the transaction as fraudulent and unauthorised. However, Barclays thought it was more appropriate to treat the claim as a consumer dispute relating to goods or services. It raised a chargeback on Mr H's behalf on the basis the extra day's rental service wasn't received, so should be refunded.

After considering both Mr H's evidence and R's defence, Barclays decided Mr H's claim didn't have reasonable prospects of success – so it discontinued the claim. Mr H disagreed and referred his complaint to the Financial Ombudsman Service.

Our investigator said Barclays mishandled the chargeback claim, and based on the evidence available it should have progressed the chargeback further. She recommended Barclays refund £112.26 and pay interest at 8% simple per year from the date Barclays declined his claim. And additionally, to pay him £250 for the distress and inconvenience caused.

Barclays agreed to the refund but didn't think it should pay additional compensation. It said it previously paid £240 for the distress inconvenience caused on a closely related dispute, and argued Mr H has already been adequately compensated. As the parties couldn't agree what amount of compensation was fair, the complaint has come to me for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I'd like to assure both parties I've considered everything they've sent, including the submissions sent to me after the investigator's assessment.

It's important to note that Barclays aren't the car rental company here. So to decide if it acted fairly, I need to consider its role as a financial services provider only. As R charged £112.26 to Mr H's debit card, I need to consider how Barclays could have reasonably assisted him.

I appreciate why Mr H initially thought Barclays should have treated the transaction as fraudulent. He said he never agreed to R charging him for the extra day, and I understand he believes R charged him while knowing it had no reasonable basis for doing so.

However, even if I accept that at face value, I don't think such a claim qualifies as an unauthorised transaction under the relevant rules and regulations.

The contract terms Mr H agreed to authorises R to charge him on the card details he provided for a late return of the vehicle. Simply because Mr H doesn't believe R had any legitimate basis for charging the extra fees doesn't mean those charges weren't authorised within the strict limitations of the Payment Services Regulations 2017 or Visa's chargeback scheme. It's clear the underlying dispute here is a consumer dispute about services from a genuine merchant, and like our investigator I think it was fair for Barclays to treat it as such.

As Mr H has since agreed his dispute was more appropriately considered under Visa's chargeback process for consumer disputes, I don't feel any need to expand further. Instead, I've focused on whether Barclays handled his chargeback claim fairly.

Chargeback

When someone buys something with their credit card, and something goes wrong, the card issuer can sometimes help them obtain a refund by raising a chargeback on their behalf. There's no obligation for a card issuer to raise a chargeback for a customer – but I'd expect it to do so if a chargeback has reasonable prospects of succeeding.

The rules governing the chargeback process are set by the relevant card scheme – in this case, that would be Visa. These rules set out precise conditions that must be satisfied for a chargeback claim to be successful. I'd expect a card issuer like Barclays to apply the scheme rules correctly and conduct the chargeback process fairly.

Visa will only consider certain types of disputes under its chargeback scheme – specifically, those that align with one of Visa's "dispute conditions". The scheme rules that apply depend on what "dispute condition" the chargeback is raised under.

I understand Barclays raised the dispute under the chargeback condition "Merchandise/Services Not Received" for the extra hire charges (£112.26) in July 2024. That seems reasonable as it aligns most closely with Mr H's claim that he didn't receive the additional day of car hire.

In support of his claim, Mr H included his packaged holiday booking, to show he was staying at a hotel until 4 July 2024, and flight details showing he was due to depart at 10pm on 4 July 2024 at the same airport where R's car rental branch was located at. Additionally, he provided a photo of himself on the plane, timestamped at 12:50am on 5 July 2024, to show he couldn't have reasonably returned the rental car to R on 5 July 2024—as he was already on his way back to the UK. He also provided a screenshot of a UK supermarket transaction, time-stamped at 9:28pm on 5 July 2024, to show he was already in the UK on 5 July 2024.

In defence, R provided a copy of an invoice showing Mr H was scheduled to pick the car up at 10am on 30 June 2024, and to drop it off on 4 July 2024 at 7pm. Next to the scheduled return time is an entry showing the odometer reading on return.

Possibly because of the odometer reading, Barclays had assumed the entry showing the 7pm return time wasn't the scheduled return time but the actual return time (on 4 July 2024) – despite R explicitly stating on the invoice that Mr H had returned the car on 5 July 2024.

For clarity, in the description box of the invoice, R states:

“The customer rented a car with us from 30/06 to 04/07. On the scheduled day of the return, he did not return the vehicle, he did so the next day...the refund of the amount claimed is not appropriate, the client has enjoyed an extra day of rental.”

I cannot see how the above can be reasonably interpreted in any other way other than R stating the car was scheduled to be returned on 4 July, but was in fact returned on 5 July, and that it believed Mr H enjoyed an extra day of car hire. Or even if it could, why Barclays should treat this statement in any other way than its literal meaning, or disregard it in favour of what other information on the invoice might have suggested. I think Barclays should have simply accepted R was asserting Mr H had returned the car on 5 July and not 4 July 2024 – and then decided if that was factually correct after accounting for Mr H's evidence.

Additionally, Barclays made several other arguments for why the chargeback wouldn't have succeeded that I also don't find plausible:

- It said R's office closed at 7pm, and as Mr H returned the car at 7pm rather than before 7pm, it was returned out of office hours and logged as returned the next day.

I'm not sure where Barclays got the 7pm office closure hours from. But for this particular branch, R's website states it closes at 11pm, not 7pm—and I've not seen anything to persuade me the closing times have changed since last year.

Unlike other branches, this branch is open for returns “24/7”. I can see the branch does close at 7pm specifically during the Christmas period – perhaps that's what Barclays had inadvertently referred to. But clearly these latter office hours wouldn't apply to a July return. So even if I accept that Mr H had returned the car at 7pm, I think it's unlikely the return would have been logged as returned the next day.

- In the alternative, Barclays said that under the specific limitations of the chargeback scheme, R had done enough to reverse the burden of proof onto Mr H to show he had returned the car before the scheduled time. Based on Mr H's circumstantial evidence, and lack of a return receipt, Barclays argued the chargeback was unlikely to succeed if progressed further.

I cannot say for sure what Visa would have said if Barclays progressed the chargeback to arbitration. But I think it's likely they would have decided the key issue is whether Mr H enjoyed an extra day of car hire and returned it on 5 July 2024 as R asserted, rather than 4 July 2024 as Mr H asserted. And in doing so, Visa would have weighed up the strength of Mr H's claim against the strength of R's defence.

I agree with Barclays that Mr H's claim could have been stronger. It cannot be said with absolute certainty that Mr H's photo is of him on the plane, or that he didn't stay an extra day beyond the four hotel nights he booked, or that he had returned the car on 5 July and flew home that same day to make a purchase at a UK supermarket.

However, I'm also mindful that it's on R (through its acquirer) under the chargeback scheme to provide sufficient evidence Mr H received an extra day's rental. And I consider what R provided to be little more than a bare assertion that Mr H returned the car on 5 July 2024. So I think R's defence was especially weak.

In the circumstances, I agree with our investigator Mr H's claim had reasonable prospects of success at the outset, and Barclays should have challenged R's defence and progressed it further. By not doing so, the chargeback claim had gone on for longer than it needed to.

In short, I find that Barclays should have progressed a chargeback claim for £112.26 as far as necessary – and if it had done so I think the claim would have likely succeeded.

Customer service

In addition to Barclays protracting the chargeback claim, resulting in unnecessary further communication, it appears Barclays incorrectly reduced the chargeback amount by £63.22, reducing the chargeback claim to £49.04 from the original £112.26. This appears to be based on Barclays assuming R had provided a partial refund of the additional day of car hire – but I haven't been provided with anything to show the refund relates to this.

Instead, it appears likely the refund relates to the partial refund of a fuel deposit of around £68 that Mr H paid R on 30 June 2024. Like our investigator, I don't think Barclays had sufficient grounds for reducing the claim amount, and in doing so it affected the amount Mr H could legitimately claim for under the chargeback scheme and has clearly upset Mr H.

Additionally, I think the distress and inconvenience caused by Barclays' mishandling of the chargeback claim was significantly exacerbated by Mr H's personal circumstances. Mr H had a close family member that was near the end of his life, had then passed away, and whose funeral Mr H had to attend. All this took place around the same time of the chargeback claim and would have probably made even trivial errors particularly upsetting.

Compensation is not an exact science, but in deciding what's fair I've considered the guidance on our website and the circumstances here. Having done so, I agree with our investigator that £250 compensation is a fair reflection of the upset Barclays caused Mr H.

In coming to that conclusion, I had thought carefully about the reasons Barclays gave for why it didn't think further compensation was due. I'm aware of Mr H's previous complaint, where Barclays had already offered and paid Mr H £240 for poor service. And I understand why Barclays had requested that both complaints be dealt with at the same time—in order to ensure fair and proportionate compensation is being awarded overall. But I haven't been persuaded by those arguments for the following reasons:

- The previous complaint was summarised in Barclays' final response letter dated 23 August 2024. In this letter, Barclays agreed it failed to delink Mr H's old debit card after a new one was issued, possibly resulting in R being able to (and taking) a further payment from Mr H without his explicit permission.

Barclays also agreed it failed to log another fraud claim against the merchant for this additional deduction, and that it incorrectly told Mr H a Continuous Payment Authority had been in place when this wasn't true.

For the above reasons, and poor service generally, Barclays awarded Mr H £240 for the distress and inconvenience caused.

I think it's noteworthy the letter doesn't refer to the handling of the chargeback claim, which is what is specifically disputed in the complaint I'm considering.

The basis for the previous award is not the same basis that I think Barclays should make a further award. I appreciate Barclays' previous award was also for "poor

service". But the final response doesn't give specifics, and I'm not convinced from this letter or the other information available that there's any material overlap with the service issues I'm recommending an award for here.

- Secondly, Barclays could have combined the complaints but decided to treat them separately. And from the outset, Mr H asked us to only consider his complaint regarding the handling of his chargeback claim, and not the previous complaint.

Our investigator asked him for clarification, and Mr H repeated the previous complaint was simply that — a previous complaint — which he hasn't referred to our service. So I think it's inappropriate for me to consider that complaint now.

Having considered what's fair and reasonable in all the circumstances, I've come to the same conclusions for broadly the same reasons our investigator has.

In summary, if Barclays had handled the chargeback claim better, I think it's likely it would have succeeded. Mr H would have also avoided the unnecessary distress and inconvenience the poor handling of the claim caused him. For those reasons, Barclays should refund him £112.26 with interest, and pay him £250 for the distress and inconvenience caused.

My final decision

My decision is that I uphold this complaint and direct Barclays Bank UK PLC to:

- Refund Mr H £112.26 and pay him interest at the rate of 8% simple per year from 4 September 2024 - the date Barclays declined Mr H's chargeback claim.
- Pay Mr H £250 for the distress and inconvenience Barclays caused.

If Barclays Bank UK PLC deducts tax from the interest element of my award, it should provide Mr H with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 July 2025.

Alex Watts
Ombudsman