

The complaint

A company, which I will refer to as U, complains that Barclays Bank Plc (trading as Barclaycard) wrongly applied a chargeback to its account.

What happened

Barclaycard provided merchant acquiring services to U. Those services allowed U to take plastic card payments from its own customers.

One of U's customers paid U £4,895 towards an item using a plastic card, then later raised a chargeback through their own bank. Barclaycard wrote to U to tell it about the chargeback, but that letter was sent to the wrong address and was never received. That meant U did not have an opportunity to defend the chargeback.

There was initially some confusion about why Barclaycard wrote to the wrong address. It now appears that U's director told an agent of Barclaycard that U had moved, then the agent failed to pass that information on to Barclaycard. However, regardless of the reason why U didn't have the opportunity to defend the chargeback, Barclaycard has accepted responsibility and offered to credit the amount of the chargeback to U's account.

U's statements show how much it owed to Barclaycard at various times. I can see that on 31 May 2024 U owed £4,987.95 (made up of the £4,895 chargeback, plus £92.95 of fees).

U's debt to Barclaycard decreased in July 2024, because it took a payment of £1,000 from a different customer and Barclaycard applied that money towards U's debt. By the end of July 2024 U owed Barclaycard £4,059.44 (the balance from 31 May 2024, plus the June fees of £61.49, plus the July fees of £10.00, less the £1,000.00 that U received).

Barclaycard told us that by the time U's account closed in December 2024, U's debt was £4,048.44 (the July balance, plus the fees Barclaycard had charged since July, less the credit applied to the account).

Given the outstanding debt on U's account, the effect of Barclaycard's offer is that it will write off U's outstanding debt and also make a payment to U of £846.56. Barclays says that such a payment would put U in the position it would have been in if it had been able to successfully defend the chargeback.

U's director did not accept Barclaycard's offer, which he said was insulting. He said that Barclaycard has not offered him any compensation for the distress he suffered as an individual, nor has it considered the damage to his health. His view is that Barclaycard's actions led to U's bank account (which is not with the Barclays group) being frozen. He also said that Barclaycard is only offering U £846.56, having previously taken the £1,000 that another customer paid – so he is still out-of-pocket by some £116.

One of our investigators said that she thought Barclaycard's offer is fair. She explained that the complainant here is U, and so we cannot make an award for the personal impact on U's director. She didn't think Barclaycard was responsible for the other bank's decision to close

U's account, nor did she think Barclaycard was responsible for any other fees (including storage fees) that U incurred.

U's director did not accept our investigator's findings, and asked for the matter to be referred to an ombudsman.

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 U's director, but there is very little I can add to what our investigator has said. I think the offer Barclaycard has made to U is fair. But I will make some further comments below.

Where I uphold a complaint, my aim is – so far as possible – to put the complainant in the position they would have been in if the bank had made no errors. In other words, my aim is to order the bank to reimburse loss actually suffered. I have no power to punish the bank, or to award punitive damages.

In this case, I can't be sure what would have happened if Barclaycard had sent its chargeback notification to the correct address. U would presumably have attempted to defend the chargeback, but that doesn't necessarily mean that its defence would have been successful. However, Barclaycard has chosen to give U the benefit of any doubt, and assume that U would have defended the chargeback successfully had it received notification in time. Barclaycard has therefore offered to refund the amount of the chargeback to U's account. In the particular circumstances of this complaint, and bearing in mind that it is not possible to be certain about whether U's chargeback defence would have been successful, I don't think it would be fair for me to order Barclaycard to do anything more than that.

I'm aware that Barclaycard continued to apply fees to U's account after the chargeback was deducted, but I don't think it was wrong to do so. That means I won't make any award in respect of Barclaycard's fees.

I'm also aware that Barclaycard applied the funds U received from its other customers towards the debt caused by the chargeback. But again, I don't think Barclaycard was wrong to do so.

I acknowledge that the circumstances that have led to this complaint have been extremely challenging for U's director. I was sorry to hear about his poor health, and I thank him for his openness with us. However, our investigator was right to say that we simply have no power to make an award to U's director for the distress that he suffered as an individual. Barclaycard's customer here is the limited company U, and so I cannot make an award to anyone other than U.

My final decision

My final decision is that the offer Barclays Bank Plc (trading as Barclaycard) has made is fair. If it has not already done so, Barclaycard should write off the outstanding balance of U's account, and make a payment of £846.56 to U.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 18 July 2025.

Laura Colman
Ombudsman