

The complaint

X complains that Barclays Bank UK PLC trading as Barclaycard has treated him unfairly in relation to its obligations with regard to a payment he made using his credit card.

What happened

In June 2024, X went on holiday to Crete. He arranged a vehicle hire and unfortunately was in a road traffic accident whilst driving the hired vehicle. The vehicle hire company, who I'll call R, asked X to pay €17,900 to cover the cost of damage. X paid €12,000 on his Barclaycard (£10,173.28) and paid the remaining €5,900 on a credit card with a different provider.

In July 2024, X raised a payment dispute with Barclaycard for the full amount. He said no insurance terms were provided to him, R made no reference to the level of insurance he was taking out with it, and he was not informed of any exclusions or restrictions relating to the insurance. X stated that under Section 49 of the Consumer Credit Act 1974 (Section 49 CCA) the services were supposed to be carried out with reasonable care and skill and in the absence of this, his contract was breached under Section 75 of the Consumer Credit Act 1974 (Section 75 CCA).

X further stated that under Regulation 6 of The Consumer Protection from Unfair Trading Regulations 2008 (Reg 6 UTR) it is a criminal offence for companies to use misleading omissions and under Regulation 9 of The Consumer Protection from Unfair Trading Regulations 2008 (Reg 9 UTR) a trader is guilty of an offence if he engages in commercial practice which is misleading. X was of the opinion that as he was misled in to entering the contract and through the omission of important information, R has breached his contract or misrepresented it to him in such a way that Barclaycard can be held responsible under Section 75.

Barclaycard considered the claim and ultimately said it didn't think a chargeback dispute would succeed as the terms of the agreement outline the instances not covered by the insurance purchased, and that X was liable to pay the charges for damage prior to contacting the insurance company to reclaim what he could.

X raised a complaint and on review Barclaycard offered X £50 for failing to list the full amount of the claim (rather than what he charged to his Barclaycard only) in some letters to him and failing to consider the claim under Section 75. Having reviewed the claim under Section 75, Barclaycard confirmed the claim did not succeed as a breach of contract or misrepresentation had not been established.

Our service then considered the complaint as X was unhappy with this outcome. Our investigator said Barclaycard acted reasonably in declining to raise a chargeback dispute as it had low prospects of success. With regard to Section 75, our investigator said she could not find that the contract was misrepresented (directly or by omission) and could not establish that the contract had been breached. She therefore was of the opinion that the claim was declined fairly.

X disagreed and asked for an Ombudsman to consider the complaint, so it has now been passed to me to decide.

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 would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

I also think it's worth clarifying that I'm deciding whether Barclaycard acted fairly in assisting X with his dispute against R. I'm not making a finding on the underlying dispute X has with R. When considering what's fair and reasonable, I'm only considering whether Barclaycard acted in line with its obligations as a provider of financial services.

Chargeback

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

Under the Visa chargeback rules, I find that the reason code which best fit the circumstances X was describing would be "Misrepresentation". Having reviewed the evidence provided, and the criteria set out in the chargeback rules for raising a dispute of this nature, I agree that the dispute had low prospects of success. The rental agreement set out the type of insurance included in the price and provided some information about what types of instances would not be covered by the insurance. The document also explains that R reserves the right to take payment for damage to the vehicle from the card used to make payment, and insurance could be reclaimed following this if applicable. A chargeback would only cover the amount charged to the Barclaycard and chargebacks can be limited in scope. Based on the information available, I find it was reasonable for Barclaycard to decline to raise a chargeback in these circumstances.

Section 75

Section 75 of the CCA allows – in certain circumstances - for a creditor (Barclaycard) to be jointly and severally liable for any claim by the debtor (X) of breach of contract or misrepresentation made by a supplier of goods and/or services (R).

It is apparent that the most appropriate way in which this particular claim can be considered is through the connected lender liability provisions afforded by Section 75. Barclaycard has accepted that it failed to consider the claim under Section 75 until the complaint was raised, but having done so it didn't think a breach of contract or misrepresentation had been established. I will consider whether this was fair and reasonable.

The rental agreement is the only documentation X received, and it contains the terms of agreement. With regard to insurance cover and accident procedures it says:

"I understand that the standard insurance supplied does not cover the underside of the vehicle, tyres and any glass components and that I am fully responsible for their complete repair if damaged during the rental period. I also understand that it is my responsibility to pay directly to the company for all damages under the terms of this agreement and it is my responsibility to claim back any payment from any third party company I have purchased insurance cover from."

X has signed the agreement directly underneath this statement. Further on in the document, it says:

"6.4 The insurance cover provided by the lessor for the vehicle does not cover the lessee for any loss or damage incurred in respect of the following: 6.4.1 damage to the wheels, wheel trims, aerials, parcel shelf and windscreens...6.4.2 In the event that any loss or damage is caused to the lessee as detailed in 6.4.1 above, the lessee hereby authorises the lessor to deduct the cost from the holding deposit or if the cost is more than the holding deposit to debit the additional amount from same credit/debit card as used for the payment of the vehicle. 6.5 The insurance cover provided for the vehicle in the event of an accident may not provide cover to the lessee in full; there is an amount for which the lessee will not be covered this is called the Damage Excess."

In addition, the document explains clearly on the first page that the insurance is third party insurance only. It also goes on to describe the procedure when the vehicle is in an accident, including adhering to instructions contained within the vehicle, completing an accident insurance form, obtaining a police report and delivering these to the lessor.

I can appreciate how distressing this matter would have been for X. But having considered the documentation provided, I cannot agree that he was not provided with information about the insurance obtained. The document speaks about standard insurance but also makes clear on the same page that the standard insurance is third party cover. It is common knowledge that third party insurance covers damage or injuries caused to other drivers, vehicles or property, but not damage to your own rental vehicle. I therefore find that the information supplied was enough for X to be aware that he had limited cover included in the price of his vehicle rental, and the option was his as to whether he wished to purchase more extensive cover.

It follows that I don't find there was an omission of information that led to detriment or unfair practice. The information provided was not the entirety of the insurance documentation, but the rental agreement provided enough information about the type of cover provided and some of the exclusions for R to have exercised its duties with reasonable care and skill. I therefore don't agree that there have been breaches under Section 49, Reg 6 or Reg 9. It follows that I don't find the contract was breached. I also don't find that there was a false statement made which induced X to enter into the contract (directly or by omission) which would mean that Barclaycard should be held accountable for the losses incurred by X.

Please note that the rental agreement states *"any disputes between [R] and You concerning this rental agreement shall be resolved under the laws of."* As this sentence has not been completed, we can assume UK Laws can be implied into the contract which is why I have considered the legislation quoted by X when reaching my decision on this complaint. At this point I will also add that it is possible that the other party to the accident may have had insurance which covered the damage to the rental vehicle if X was not at fault for the accident, however X has said the responsibility for the accident was never fully determined and the police report did not apportion blame. This means that X would have been heavily

reliant on his own insurance policy to cover the costs of the damage and liable to R in the first instance for damage to the vehicle, as per the contract terms.

When asked about the accident, X said *“It happened at night at a crossroads in town. Our car was hit broadside and pushed down the road.”* Based on what he said, it sounds as though there was considerable damage to the vehicle. The invoice for the damage to the vehicle says the charge is for:

“CHARGE FOR THE TOTAL DESTRUCTION OF [VEHICLE INFORMATION]”

I presume R meant “destruction” and that it thought the vehicle had enough damage that it qualified as having been written off. Based on the information available, it is difficult to ascertain why R came to this amount. X has told us R said the damage would cost €30,000 but it would accept €17,900 from him and threatened legal proceedings. Unfortunately, it is not within the scope of this complaint for me to consider whether the amount charged is fair, but it seems that this is something that X could take up with R directly if he wishes to.

I am not without a considerable amount of empathy for X and what he has been through. Especially if he has been overcharged for the damage. However, my remit is limited to considering whether Barclaycard reviewed his claim fairly. I do find that Barclaycard should have started considering his claim under Section 75 after it determined a chargeback would not be successful and it failed to do so, until X raised a complaint. The £50 already offered by Barclaycard is a reasonable amount to apologise for the errors in service. Even if it had looked at the Section 75 claim sooner, I don’t find the claim would have succeeded as I find X was provided with enough information about the insurance policy he had taken out to make an informed decision and the contract holds him accountable for the damage to the vehicle. So, I do not find that a breach of contract or misrepresentation can be established, and overall, I find Barclaycard has treated X fairly and reasonably.

My final decision

My final decision is that I do not uphold X’s complaint against Barclays Bank UK PLC trading as Barclaycard.

Under the rules of the Financial Ombudsman Service, I’m required to ask X to accept or reject my decision before 19 September 2025.

Vanisha Patel
Ombudsman