

## **The complaint**

Mr D complains Barclays Bank UK Plc acted unfairly by not refunding a payment he made using his debit card.

## **What happened**

In July 2024 Mr D booked a hotel stay and flights from an online travel company I'll refer to as O, for himself and two family members. He paid a total of £742.28 using his Barclays debit card.

Mr D says when they arrived at the hotel, he was told the reservation, made via O, had been cancelled. Instead, the hotel offered Mr D a room that he says was unsanitary – it was dirty and covered in mould. As such, Mr D refused the room and found alternative accommodation for the first night. The following day, Mr D returned but again was offered a room which he says was also unsatisfactory. As a result, Mr D paid to stay at another hotel for the remainder of his holiday.

On his return he complained to O and requested a full refund, along with compensation for the additional expenses he incurred. O explained the hotel had refused to issue a refund, and as an intermediary, it was bound by the hotel's terms and conditions, so there was nothing further it could do.

As he remained unhappy, Mr D contacted Barclays in December 2024, for help in getting his money back.

Barclays raised a chargeback with O, which is the process of asking the merchant for a refund via the card scheme provider – Visa in this case. It also applied a temporary credit of £742.28 to his account.

However, O defended the chargeback, saying, Mr D had received the service he'd paid for, and the hotel had refused to provide a refund. It also explained it had contacted the airline to request a refund, but as Mr D hadn't engaged with it further and instead initiated a chargeback, it didn't agree a refund was due.

Barclays shared the response with Mr D in January 2025 and asked for his comments. However, as Mr D didn't respond, Barclays said it was unable to pursue the chargeback further and closed Mr D's claim. In February 2025 Barclays re-debited the temporary credit from Mr D's account. Barclays didn't change its position after Mr D complained, so he referred the matter to this Service.

Mr D explained he took medication following a period of hospitalisation in early 2024 – which meant he had difficulty reading the letters sent by Barclays at the time.

An Investigator here reviewed matters, and overall considered Barclays had processed Mr D's chargeback claim in the way they'd expect. While they thought it would have been more suitable to pursue the claim under a different reason code, as Mr D didn't provide the evidence it requested, there was nothing further it could reasonably do. Our Investigator did

however think Barclays should have been clearer in telling Mr D the credit he received could be re-debited. For this they recommended Barclays pay Mr D £150.

Mr D didn't agree, reiterating his concerns about the quality of the accommodation offered. He also considered the hotels practices should be reviewed, and his experience could be as a result of racial discrimination. On this point, our Investigator explained this Service could only consider the actions of Barclays, not those of the hotel or O.

Barclays also didn't agree. It said it had already offered £150 compensation to Mr D and didn't agree it should pay a further £150.

As no agreement could be reached, the complaint has 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.

In doing so, I've taken into account the relevant industry rules and guidance, including Consumer Duty and what would be considered as good industry practice.

Firstly, I should say I was very sorry to hear about the difficulties Mr D has been through over the years, I can appreciate it's been a very hard time for him. I'd like to thank him for sharing the details with this Service, I've not repeated what he's said here as our decisions are published, but I want to reassure him I've read everything he's said and taken it on board when coming to my decision.

Within this decision I'll only be considering how Barclays handled the chargeback Mr D raised with it. I say that because, since referring his complaint to this Service Mr D has also raised concerns about demands Barclays has sent him to repay the overdrawn amount on his current account. But that isn't a complaint he'd raised with Barclays, as such, it won't form part of any decision I come to here.

I also need to consider whether Barclays – a financial services provider – has acted fairly and reasonably in handling Mr D's request for a refund. I must make the distinction between the financial services provider (Barclays) and the supplier (O), along with other parties, such as the hotel. That's because I can't look directly at the actions of O or the hotel, or comment on those.

### ***Chargeback***

Chargeback allows for a request of a refund to be made of money paid with a plastic card in certain scenarios. I'm looking here at the actions of Barclays and whether it acted fairly and reasonably in the way it handled Mr D's request for help in getting his money back. This will take into account the circumstances of the dispute and how O has acted, as well as other considerations, such as the card scheme rules, which Barclays must follow and its own obligations.

Chargebacks are not guaranteed to succeed; the recipient of the funds (O in this case) can choose to challenge or defend a chargeback if it doesn't think it is valid. But I would expect Barclays to attempt a chargeback, if there was a reasonable prospect of success, as it did here. If a chargeback is challenged by the other side to the dispute, I would expect Barclays to look carefully at the submissions made by the other side and make a decision on whether to continue pursuing the chargeback. I would not expect Barclays to pursue it further if the submissions showed it no longer had a reasonable prospect of success.

Barclays did that here and pursued a chargeback under the dispute reason code *“Merchandise/Service Not Received”*. That seems reasonable as Mr D has said he didn’t receive the stay at the hotel he paid for – it was cancelled on arrival and the room he was offered was unsatisfactory.

On this point, our Investigator considered it may have been more suitable to process a chargeback under the reason code *“Not as Described or Defective Merchandise/Service”*. Barclays has said it used the reason code Mr D had selected, and here I don’t think that’s unreasonable, because I think it’s arguable either code could have been suitable. But in any case, I don’t think using an alternative code would have resulted in a different outcome here.

I say that because, O defended the claim, saying Mr D had received the service he paid for. It also said it had contacted the hotel, but it had refused to issue a refund, and O’s terms and conditions also didn’t allow for a refund. Barclays shared this with Mr D in January 2025 but say as it didn’t receive a response, it closed Mr Ds claim.

Generally, Barclays’ process is to share any defence it receives with its customer, as it did here. That seems reasonable because it gives an opportunity to provide any further evidence based on comments the merchant provides. I should also say in this case, Mr D was claiming a full refund, even though he’d had use of three return flights, which formed part of the total cost. In addition, to pursue a claim further, to the next stage, known as pre-arbitration, Visa’s rules say:

*After receipt of a Dispute Response, the Issuer may make a pre-Arbitration attempt for any of the following reasons: (I’ve included those relevant to Mr D’s claim)*

- *The Issuer can provide new documentation or information to the Acquirer about the Dispute.*

As such, I think it was reasonable for Barclays to request additional information from Mr D at this stage.

Mr D has said he was unable to read the letter he received from Barclays as a result of medication he was taking. However, I can’t see Mr D made Barclays aware of any difficulties he had with this until March 2025. And given Mr D had been able to submit his initial chargeback claim and receive subsequent letters, I can’t fairly conclude Barclays should have done anything differently here.

I haven’t seen Mr D was in touch with Barclays again until he complained and it issued its final response letter in March 2025. This was not only after Barclays explained it required a response, to pursue the claim, but also longer than Visa’s rules allow. These say a pre-arbitration attempt must be made no more than 30 calendar days from the dispute response. A time limit that had also passed. As such, even had Barclays extended the time frame it allowed a response by, it would have already been too late under Visa’s own rules – which Barclays must follow.

Given this, I don’t think Barclays acted unfairly in not pursuing Mr D’s chargeback claim further, given O defended the claim and Mr D didn’t respond to its request for further information.

### *Temporary credit*

Barclays made the decision to issue a temporary credit of £742.28 to Mr D, it did so on the 12 December 2024. However, as the chargeback claim was unsuccessful, it re-debited the funds from Mr D’s account on 6 February 2025. The decision on whether to issue a

temporary credit is for Barclays to make, there's no requirement within Visa's rules to do so, so it's reasonable Barclays chose to do that here. It was also fair to remove the temporary credit, because ultimately Mr D's claim was unsuccessful, so he isn't entitled to those funds.

That said, Barclays hasn't been able to evidence it told Mr D the temporary credit he received could be re-debited and for this our Investigator has recommended Barclays pay £150 compensation.

Barclays has referred to its terms and conditions which say:

*"We can reverse or readjust a refund if we discover you were not entitled to all of some of the amount refunded".*

But as our Investigator explained, this falls under the heading: *"If someone takes an unauthorised payment from your account"*, which isn't relevant here. As such I can't fairly say these terms would notify Mr D a temporary credit, following a chargeback, could be removed. Having reviewed Barclays' terms and conditions and website along with the letters it sent to Mr D about his chargeback, I've also not seen it clearly told him the temporary credit was reversible.

While the letter Barclays sent in January 2025 explains it was unable to recover Mr D's disputed payment, so it could be argued Mr D should have been aware at this point the credit in his account wouldn't remain, I think Barclays should have clearly explained this initially. As such, Mr D has been caused some inconvenience as a result and £150 compensation seems reasonable.

I'm also aware Barclays doesn't consider it should pay a further £150, because it says it already offered this amount. However, its final response from March 2025 explains this was offered because it didn't send an outcome letter and made an error in closing a separate chargeback claim Mr D made. As such, I don't think its relevant here as this compensation was offered for a separate matter.

Overall, while I appreciate this will come as a disappointment to Mr D I don't think Barclays acted unfairly in its processing of his chargeback claim. Barclays pursued the chargeback claim as far as it reasonably could, but because Mr D didn't respond it didn't have the necessary evidence to pursue the claim further, and that seems reasonable for the reasons I've explained. However, I do think Barclays could have been clearer in notifying Mr D the credit in his account was temporary and could be removed. So for this, I think a fair resolution would be for Barclays to pay Mr D £150.

### **My final decision**

For the reasons I've explained above, I uphold this complaint and require Barclays Bank UK Plc to pay Mr D £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 December 2025.

Victoria Cheyne  
**Ombudsman**