

complaint

C is a limited company and its complaint is brought by its representative, Mr B. Mr B complains that Barclays Bank Plc (trading as Barclaycard) has unfairly removed C's merchant facility and registered information about it with fraud prevention databases.

background

C had a merchant services facility through Barclaycard, to enable it to take payment by plastic card. Mr B says that C experienced some fraudulent card activity, which it reported.

Mr B says that, a few months later following further fraudulent transactions, Barclaycard withdrew C's facility and registered information about it with fraud prevention databases. Mr B says that this was done without a proper investigation into what had happened, and that Barclaycard is stopping C from getting merchant facilities with any other provider.

Barclaycard said C had accepted six payments that were later found to be fraudulent, and which had been deliberately processed in a way that avoided using chip and PIN verification. It said that C had not provided any reasonable explanation about why it had processed the payments in that way. It did not accept that it had acted unfairly in removing the facility and registering information with fraud prevention databases.

As things were not settled, Mr B brought C's complaint to this service where one of our investigators looked into it. From the evidence, the investigator concluded that Barclaycard had not acted unfairly, and had kept within the terms of C's agreement with it. Because of that, the investigator did not recommend that the complaint should succeed.

Mr B did not agree and said, in summary:

- A group of customers came to C's premises for a celebration and ordered expensive drinks at a busy time. The main customer was asked for identification when he was served, and produced a driving licence and bank card that matched up.
- Each time the card was tendered for payment, the terminal printed out a signature slip and the customer signed each one. It's not true to say that staff keyed in the transactions.
- They sometimes get customers using foreign cards, which also cause a slip to be printed by the terminal, so having signature slips instead of chip and PIN for these transactions would not have seemed suspicious to the staff.
- The customer must have been pressing something on the terminal that caused it to print out a slip. Or perhaps the cards were programmed to interfere with the normal functioning of the terminal.
- They accept that some of these transactions were substantially larger than the average card transaction figure that C gave in its application. But bigger payments are not unusual at certain times.
- Being unable to take card payments has had a bad effect on C's business, and takings have dropped. Barclaycard should have given C a chance to find out what happened, rather than just taking the action it did.

- They did not mind Barclaycard keeping back the money from these transactions, but C should just have been given a warning and allowed to keep its facility. They would like advice on how C can be removed from fraud database registers.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr B has provided a lot of information about how C usually processes payments made with foreign bank cards. But this was not a foreign bank card – I'm satisfied that it was a chip and PIN-enabled UK debit card.

It follows that there should have been no reason for C's staff not to process the payments by chip and PIN in the normal way. I'm not persuaded by Mr B's explanation that they did, but that the terminal printed out signature slips. That's because the terminal would not print out a signature slip for this card unless the transaction had been keyed to prompt it to do so.

Mr B's suggestion that the customer may, himself, have keyed in the transactions on the terminal would only work as an explanation if C's staff had chosen to give over control of the terminal to the customer each time a transaction was made. It's difficult to see what valid reason they would have had to do that.

Taking everything into account, I find that it was not unreasonable for Barclaycard to decide to limit and then terminate C's facility. It has also registered information to identify member risk arising out of the fraud and, in all the circumstances, I find that this was not unfair.

I appreciate that C has found it difficult to get an alternative merchant services provider and I can readily see that this is a disadvantage for C's business. But the registrations made by Barclaycard do not operate as a block to other providers – the information will be considered as part of the application process and it will then be for the individual provider to make a decision about whether or not to offer C a facility.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B (on behalf of C) to accept or reject my decision before 3 October 2016.

Jane Hingston
ombudsman