

The complaint

Mr C and Miss C complain that a chargeback they raised with Barclays Bank UK PLC wasn't successful. They say the whole situation is extremely unfair.

What happened

Mr C says he purchased a piece of jewellery for his daughter, but then arranged to return it. He says the retailer refused to refund him even though he has proof of refund confirmation from it. Mr C told us:

- In May 2023, he paid just over £7,000 for a gold bracelet using his debit card, but shortly afterwards, his daughter decided she preferred an alternative piece of jewellery;
- he returned the bracelet using a third-party courier, and although the retailer confirmed the bracelet had been returned and the refund was being processed, it wouldn't refund him what he'd paid for the bracelet;
- he contacted Barclays to dispute the transaction and provided it with the details that it needed, but he says it refused to go ahead with his dispute;
- as its customer, Barclays should've protected him.

Barclays rejected Mr C's complaint. It said it collected the relevant information from Mr C before raising a chargeback on Mr C and Miss C's behalf, but the claim was declined by the retailer. It says the retailer notified it that there were no chargeback rights as VISA requires the goods in question to be returned before a chargeback can be raised. The retailer explained that although it had made a mistake when it initially told Mr C and Miss C that the bracelet had been collected and their refund was being processed, it had contacted them immediately to confirm this email had been sent in error and the parcel had not in fact been collected and no refund would be forthcoming.

Barclays did say that the retailer had indicated it would still be willing to make a refund but that it required the goods to be returned first of all. And it suggested Mr C would need to get in touch with the retailer if he required further assistance.

Barclays told us that after the chargeback had been declined by the retailer, it had moved the dispute to *pre-arbitration*, but the claim was declined again. It said the retailer provided evidence from the third-party courier that it had *attempted* to collect a parcel from Mr C and Miss C, but the courier had confirmed that collection had not been possible – no-one had answered the door intercom at the pre-arranged time. And although Mr C and Miss C disputed this, they'd been unable to provide a copy of the collection receipt that the courier says would've been provided had the collection been successful.

Our investigator looked at this complaint and said he didn't think it should be upheld. He explained how the chargeback scheme operates and said that in this particular case, Barclays had to follow the rules set out by VISA – it was a VISA debit card issued by Barclays that had been used to make this purchase.

He concluded that although Barclays did raise a chargeback and moved the dispute to pre-arbitration – both of which were successfully defended by the retailer – there was nothing further it could've done to retrieve Mr C and Miss C's money.

Mr C and Miss C disagree so the complaint comes 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 deciding this complaint, I'm only considering the actions of Barclays and how it handled Mr C and Miss C's request that it raise a chargeback on their behalf. I'm not looking at the actions of the retailer, the merchant, and I'm not investigating the parcel collection process of the third-party courier.

Having considered everything very carefully, I have to tell Mr C and Miss C that I'm not going to uphold their complaint, and I'll explain why.

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. It allows customers to ask for a transaction to be refunded in a number of situations, some common examples being where goods or services aren't provided, where goods or services are defective, or where goods or services aren't as described. In this particular case, an appropriate reason might be that although Mr C and Miss C say the goods were returned, the refund that was promised never materialised.

There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by merchants. This is because the rules, set out by the card scheme lay down strict conditions which must be satisfied for a chargeback claim to succeed. If a financial business thinks that a claim won't be successful, it doesn't have to raise a chargeback. But where there's a reasonable chance of success, I'd expect a financial business to raise a chargeback.

It's important to note that chargebacks are decided based on the card scheme's rules – in this case VISA's – and not the relative merits of the cardholder/merchant dispute. So, it's not for Barclays – or me – to make a finding about the merits of Mr C and Miss C's dispute with the retailer. Barclays' role is to raise the appropriate chargeback and consider whether any filed defence by the merchant complies with the relevant chargeback rules.

And from what I've seen, that's what Barclays did here. It raised a chargeback quickly, just a few days after it received the information it needed from Mr C and Miss C. But the merchant's response suggested that it didn't agree this was a valid claim; it said there were no chargeback rights as the goods needed to be returned before the chargeback is raised. And the merchant's defence was enough to mean the chargeback didn't succeed.

Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money. In fact, most banks won't take a chargeback any further if it's defended. But Barclays did escalate this claim to pre-arbitration, where it was declined.

So, taking everything into account, I'm persuaded that Barclays took the claim as far as it reasonably could've done given the merchant's defence. In view of this, there's nothing more for Barclays to do.

I know that Mr C and Miss C will be disappointed with the outcome of their complaint, but I hope they understand why I've concluded that Barclays doesn't need to do anything more.

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 C and Miss C to accept or reject my decision before 2 February 2024.

Andrew Macnamara
Ombudsman