

## **The complaint**

A company, which I will refer to as T, complains that Barclays Bank Plc failed to honour a quote for merchant services.

## **What happened**

In April 2022 T had an existing contract with a third party, which I will refer to as 'the previous provider', enabling it to take card payments. Most if not all of the card payments T took were from a customer whose card issuer was outside the UK. The previous provider charged additional fees in those circumstances, so T approached Barclays to ask if it could provide the same services at lower cost.

Barclays' sales representative told T that given T's circumstances, Barclays' pricing was about 40% cheaper than the previous provider's pricing. T therefore agreed to enter into a contract with Barclays, and cancelled its contract with the previous provider.

Barclays began processing payments for T in May 2022. T quickly discovered that Barclays' sales representative's claims were not true, and that Barclays also applies additional charges when a card issuer is outside the UK. T therefore complained to Barclays.

Barclays accepted that its sales representative had made a mistake. It apologised, and refunded its May 2022 charges of £1,104.32 as a gesture of goodwill.

T was not satisfied that Barclays' response to its complaint, and referred the matter to the Financial Ombudsman Service. One of our investigators looked at the matter, and recommended that in addition to the charges it had already refunded, Barclays should also refund the early settlement fees T had had to pay in order to exit its contract with the previous provider together with interest on that amount.

Barclays accepted our investigator's recommendation, and told us it has applied a credit of £821.40 to T's account with it. That amount consisted of £756.40 in respect of the previous acquirer's early settlement fee, and £65.00 for gross interest.

T did not accept our investigator's opinion, and asked for the matter to be referred to an ombudsman. T's directors said that T had to pay fees to both Barclays and the previous provider for a period, and that overall it cost T more than £3,000 to move to Barclays.

## **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.

Having done so, I have come to the same overall conclusions as our investigator, for broadly the same reasons. Briefly, my findings are:

- The fees Barclays charged to T were consistent with Barclays' published charges, and in line with the contract between T and Barclays – but they were considerably

more than Barclays' sales representative had told T's directors they would be.

- If Barclays's sales representative had not misrepresented its fees to T's directors, T is likely to have remained with the previous provider.
- Nevertheless, the actions Barclays have already taken are sufficient to put matters rights.

I give more details below.

Everyone accepts that Barclays' sales representative made a mistake. She appears to have believed that Barclays' charges for accepting EEA issued cards were the same as its charges for accepting UK issued cards. As a result, she wrongly told T's directors that Barclay's monthly charges would be about 40% lower than the previous provider's charges.

In fact, although Barclays and the previous provider had different charging structures, the overall charges applied by the two companies were broadly similar. They were not identical – and given the different charging structures, which company was cheaper would depend on the number and types of transactions undertaken – but they were similar. The sales representative's comment that Barclays would charge T around 40% less than its competitor did was simply not true.

I've also noted T's director's suggestion that Barclays' sales representative told him Barclays' fees would have been limited to £1386.66 per month. But I don't think she did tell him there was such a limit. I've seen an email in which she explained that if the previous provider's charges in a particular month were £2,533.97, then Barclays' charges for the same transactions would only be £1,386.18. She was wrong to say that, but I think it's clear from her email that her point was that Barclays' charges were lower than the previous provider's charges. She was not saying that T would never have to pay more than £1,386.66 per month, and I think she made clear that both Barclays' and the previous provider's charges depended on the value of, and volume of, transactions in a month.

I've thought carefully about what fair compensation should look like. I don't think it would be fair for me to put T into the position it would have been in if the sales representative had not misrepresented the benefits of the Barclays' contract. I am satisfied that once T moved to Barclays, Barclays properly applied its charges in line with its terms and conditions. The problem here is not that Barclays applied the wrong charges – the problem is that T would not have become Barclays' customer in the first place if Barclays' sales representative had given accurate information about charges.

So far as possible, my aim is therefore to put T in the position it would have been in if Barclays had not made an error. The difference between the fees charged by Barclays and the fees that would have been charged by the previous provider is relatively small, and more than covered by Barclays' decision to refund £1,104.32 of its own charges.

T had to pay an early termination fee in order to exit from its contract with the previous provider, but Barclays has already refunded that amount, plus interest at 8% simple.

Overall, and taking into account both of the refunds Barclays has already made, I am satisfied that T has not lost out as a result of Barclays' error.

I acknowledge that there was a period during which T had to pay fees to both Barclays and the previous provider. But T was processing transactions through both companies during

that period, and so I don't think it would be fair for me to order Barclays to refund either set of fees.

### **My final decision**

My final decision is that whilst Barclays Bank Plc did make a mistake, it has already done enough to put things right here.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 4 December 2023.

Laura Colman  
**Ombudsman**