

The complaint and what happened

Mr T is unhappy with how Barclays Bank UK PLC (“Barclays”) handled his chargeback request. He made seven debit card payments totalling £500 to an online betting site between May and June 2022. The funds were deposited but his betting account was subsequently suspended, leaving him unable to make withdrawals.

The full details of this complaint are well known to both parties, so I won’t repeat them here again. Instead, I’ll focus on giving my reasons for my decision.

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 agree with the conclusions reached by the investigator for these reasons:

- Mr T says the betting site acted fraudulently. But from what he’s told us, it seems the restrictions were placed on his betting account as he wasn’t eligible to use the site’s platform due to previous concerns relating to its ‘sister’ site. That suggests a possible breach of terms and conditions; it isn’t something that would fall under the definition of fraud or scam. I recognise Mr T’s feelings about the site’s actions, specifically that it shouldn’t have accepted the funds in the first instance. But I can only consider the acts and omissions of his bank in respect to the disputed transactions; it’s not within my remit to consider his concerns about the betting site.
- As I’m not persuaded that Mr T was scammed, Barclays’ duty of care to protect its customers from financial harm due to fraud isn’t triggered here. So, the only recourse available to Mr T is chargeback. It’s a voluntary scheme run by the card scheme operator (such as Visa) to process settlement disputes between the card issuer (Barclays) and the merchant (the betting site Mr T made the payments to).
- It’s important to note that chargeback is not a legal right that the cardholder has – the card issuer doesn’t have to attempt a chargeback. But we consider it is good practice to try if the card issuer has a good reason to. Chargebacks are decided based on the card scheme’s rules, not the relative merits of the dispute between the cardholder and the merchant. And, when we consider complaints about chargebacks, we’re only looking at the actions of the card issuer, not the fairness of the card scheme’s rules.
- Barclays did raise a chargeback for all the disputed transactions under the reason code ‘goods/services not received’, as agreed with Mr T. It was defended as the betting site responded and provided evidence that the amounts were successfully loaded on to Mr T’s betting account. The evidence also showed that his account balance at the time of responding to the chargeback was £0.19, indicating that Mr T had been able to utilise the funds he’d loaded. In other words, the merchant was able to demonstrate that the service requested (i.e., loading of funds on to Mr T’s account to facilitate betting) had been provided.

- Barclays states that it should have declined Mr T's chargeback claim at that point and informed him accordingly, instead of sending what it accepts was a confusing letter. Given the merchant's evidence, I agree that there was little prospect of success had Barclays continued pursuing the chargeback. So, it would have been reasonable for it to have declined Mr T's claim at that time. But it continued corresponding with him further, including sending Mr T a letter which provided an incorrect reason for declining his claim. This only added to his confusion and frustration with how the claim was being handled by Barclays. I can see he spent a lot of time on the phone to the bank in trying to understand what was happening.
- To recognise these mistakes, Barclays has paid £75 compensation. I know Mr T feels very strongly about the service failures and he'd like Barclays to increase its compensation to £350. I've carefully considered the circumstances of this complaint. I've thought about the distress and inconvenience Mr T experienced due to Barclays' mistakes. I've also kept in mind that the outcome regarding the chargeback would have remained the same had things gone the way they should have in the first instance. Having done so, I find that the compensation amount that Barclays has already paid in recognition of its errors is fair. That means I won't be asking it to increase it.

In summary, I recognise that Mr S will likely be disappointed with this outcome. Although I understand his frustration, for the above reasons, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint as Barclays Bank UK PLC has already fairly resolved it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 July 2023.

Gagandeep Singh
Ombudsman