

The complaint

E, a limited company complains that Barclays Bank Plc unfairly deducted payments from its account after chargebacks were raised against it. E wants Barclays to refund the transactions to its account.

Mr W, a director of E, brings this complaint on E's behalf.

What happened

E has an agreement with Barclays for merchant acquiring services. In late 2022, Barclays sent two notices of chargebacks to E for two transactions after the cardholder said they had not authorised the payments.

Barclays told E that there is always a risk when accepting card not present (CNP) transactions. Barclays didn't agree that it had acted unfairly and explained that the card scheme makes the final decision in relation to chargebacks.

E is unhappy that Barclays didn't make it aware of the inherent risk in accepting CNP transactions. E questions whether the customer received the goods and if the card they used was stolen. E thinks it's morally wrong that after following Barclay's procedures, it has lost out.

Our investigator didn't recommend that E's complaint be upheld. In summary, she was satisfied that under the terms of E's account, Barclays was entitled to hold E liable for the chargebacks. Our investigator thought that Barclays had correctly followed its procedures by notifying E of the chargebacks, giving it time to defend them and then putting the defence to the card issuer.

Our investigator was satisfied that although E had been a longstanding customer, Barclays would have notified it of important changes to its terms and procedures. She also thought that the onus was on E to keep up to date with its merchant responsibilities. Our investigator said that Barclays provided a link to its website on each monthly statement and that information about carrying out transactions was readily available on Barclays' website.

E disagreed with the investigation outcome. Mr W pointed out that E has never had any problem with transactions in the past and that it was Barclays' duty to update E over the years.

Mr W didn't think that Barclays defence to the chargebacks was robust enough as Barclays didn't ask whether the cardholder or any family member, had received the goods that E dispatched.

In response, Barclays said that it notifies customers when there are updates to its terms and conditions. Barclays provided a screenshot confirming it had sent E an update in May 2023.

Mr W says that Barclays emails had been sent to his personal email rather than the business email. Mr W doesn't think Barclays informed him of the increased risk in accepting CNP

transactions.

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.

I realise that I've summarised E's complaint in less detail than the parties and I've done so using my own words. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything that both parties have given to me.

It's unfortunate that E has lost out financially because of the chargebacks but having considered everything, I don't think Barclays made a mistake.

Chargebacks are governed by the specific rules of the card scheme. And it's expected that Barclays will abide by these rules when dealing with chargeback claims. If a card issuer requests a refund of money already paid and raises a chargeback, it's for the merchant – in this case E – to pay the disputed amount back to Barclays.

I appreciate what Mr W says about Barclays not making him aware of the increased risk of CNP transactions, but like our investigator, I think it is up to E to familiarise itself with the relevant terms and operating instructions. Barclays has also provided evidence that it notified E when there were updates to its terms and conditions. I understand that these notifications were sent to Mr W's personal email as this is the email address Barclays had on record. If Mr W thinks Barclays used the wrong email address, he would have to raise this as a separate complaint. However, the evidence provided by Barclays doesn't suggest that the emails were returned as undeliverable, so I would have reasonably expected Mr W to have received the notifications.

The terms of E's account at the time of the disputed transactions, say that "authorisation of a card payment is not a guarantee of payment and it does not prevent us from recovering a chargeback.."

Barclays' terms set out the circumstances in which a chargeback can occur. These include "if the cardholder or account holder denies authorising a card-not-present transaction" – as was the case with the transactions carried out by E.

Barclays' merchant procedure guide also warns customers about the increased risks of accepting CNP transactions because "the customer and card are not present at time of transaction and so cannot always be verified".

Overall, I can't say that Barclaycard didn't make E aware that accepting CNP transactions carried risks that E would be responsible for.

Although Mr W thinks Barclays should have done more than it did to defend the chargebacks, Barclays, as payment processor, doesn't hold the role of defending chargeback – the card issuer is responsible for this. Barclays' role is to provide evidence from its customer – in this case E – so that it can put forward a defence to the chargeback. Barclays has provided evidence that it put forward a defence to the chargebacks but that the card issuer rejected this as the cardholder was adamant that their credit card information had been used by a third party without their permission. I can't say that this was due to a mistake that Barclays has made.

I am sorry to disappoint Mr W but for all the reasons outlined above, I don't uphold E's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 12 December 2023.

Gemma Bowen
Ombudsman