

The complaint

Mr H complains that Barclays Bank UK PLC mishandled and declined his chargeback dispute about a defective car engine.

What happened

In December 2021 Mr H paid a garage to supply and install a replacement engine for his car. He paid nearly £4,700 with his Barclays debit card. A couple of weeks later the new engine began leaking oil, so he took it back to the garage to be repaired. A couple of weeks after that, the leak began again, and so he asked the garage to repair it again, but this time the garage was unresponsive and unco-operative. Mr H says he visited the garage several times, until they became abusive. He also phoned them and left several voicemail messages, and he sent them a letter by signed-for delivery (and he has provided us and the bank with proof of postage).

After that, Mr H went to another garage and paid £905 for the engine to be repaired, but this was unsuccessful and oil continued to leak; that garage thought that the cylinder head was defective or damaged and recommended that it should be replaced.

In early February 2022 Mr H asked Barclays for a refund, by way of a chargeback dispute. He says that when he raised this dispute he uploaded to the bank's website a copy of the letter he'd sent to the garage by signed-for delivery. Barclays then raised a chargeback dispute with the first garage's bank. On 14 March, Barclays sent Mr H a letter asking him for some evidence, and telling him he had only seven days in which to provide it. Mr H says this letter did not arrive until 24 March, which was after the deadline. He says he phoned Barclays, and was told by the call handler that the letter was wrong and that he actually had 21 days in which to provide the evidence. So on 31 March he sent the requested evidence to Barclays. But then Barclays sent him a letter, dated 1 April, saying that his chargeback claim had been unsuccessful. He phoned Barclays again, and was told that the correct deadline had been seven days and that his evidence was therefore late.

Mr H therefore complained about having been misinformed in the earlier phone call. He also complained about the outcome of his chargeback claim.

In its final response to that complaint, Barclays told Mr H that the lateness of the evidence had not affected the outcome of his chargeback claim. It said the garage had defended the chargeback, by saying that it was willing to repair the leak, and that it had tried to phone Mr H on 1 and 6 February but he had not answered, and so the garage had left messages. Barclays added that it was not responsible if its letter of 14 March had been delivered late. It also paid him £100 for mishandling a freedom of information request he had made in connection with the chargeback dispute.

Mr H was not satisfied with this response, and so he brought this complaint to our service. He said Barclays had failed to address his complaint about misinformation in the phone call. He said the outcome of his chargeback claim was based on lies, as the garage had never tried to call him, and he had asked the garage many times to repair the leak but the garage had never done so, and had been abusive. He had only given up and gone to another

garage because of that.

Our investigator did not uphold this complaint. She said that Barclays had done as much as it could under the chargeback process, and that it had not delayed the process. She concluded that Barclays had not made an error when it rejected the chargeback claim. She added that £100 was fair compensation for the matter for which it had been awarded.

Mr H did not accept that opinion. He reiterated that he had repeatedly tried to get the garage to repair the leak, and that it had refused to do so, and that it had lied about this during the chargeback process. He said that neither the bank nor the investigator had ever really dealt with the misinformation about the evidence deadline. He asked for an ombudsman to review this case.

I wrote a provisional decision which read as follows.

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.

My role is not to decide whether Mr H or the garage was in the right, or whether Mr H deserves a refund or not, but only to consider how Barclays dealt with the chargeback dispute and whether any errors by Barclays may have changed the outcome.

I will begin with the March phone call, and then deal with the outcome of the chargeback dispute.

The March phone call

If the bank's call handler told Mr H that he actually had 21 days to provide his evidence, instead of 7 days – and I have no reason to disbelieve Mr H's recollection of what he was told – then that was indeed a mistake, because the correct deadline was 7 days.

However, I don't think that mistake affected the outcome of the chargeback claim. That is for the following reasons.

Firstly, Barclays is entitled to send letters in the ordinary post and to assume that they will be delivered in a reasonable time (a day or two). If a letter is not delivered for ten days, then that is not the bank's fault, because once sent it is out of their hands. I have checked the address on the letter and it is correct. So the letter did not arrive late because of anything that Barclays had done wrong, and by then the seven day deadline had already expired. So although Barclays was wrong to tell Mr H that he still had time to send in his evidence – when it was already late – that certainly could not have affected the outcome of his claim.

Secondly, as I've said, Barclays told Mr H in its final response that the lateness of the subsequent evidence did not affect his claim. It did not explain why. But it could be because after sending the 14 March letter, Barclays noticed that Mr H had already sent in the requested evidence in February, and so it reviewed it, but decided that it was not enough. Or it could be because Barclays had reviewed the evidence before 14 March, decided that it was not enough, and requested more evidence, but Mr H only sent the same evidence again, so it made no difference. Or it could be because after declining the chargeback and then receiving Mr H's complaint about that, Barclays then reviewed the late evidence and decided that it would not have changed the outcome if it had been received and considered in time.

I don't need to decide or ask which of these explanations it was to resolve this issue. Whichever one it was, I'm satisfied that the incorrect deadline given in the phone call did not affect the outcome of the chargeback.

It's still a mistake, and the £100 compensation was not for that but for something else, so I have to consider whether to award compensation for this. I'm sure it must have been annoying and frustrating for Mr H to be told in the second phone call that he had been given the wrong information. But by itself, I don't think that this error is serious enough to merit financial compensation. So I don't uphold this part of Mr H's complaint.

The decision to decline the chargeback

Mr H has told us that he had already provided that same evidence to Barclays at the beginning of the chargeback process, before 14 March. That seems plausible to me, because he had already sent the signed-for delivery letter to the garage a few days before beginning the chargeback process, so it's plausible and likely that he did send that to Barclays at the outset.

I have read that letter, which is dated 27 January; less than a week before the chargeback was raised. I have compared the address on the letter with the address on the receipt as proof of postage, and with the address of the garage's invoice. I'm satisfied that it was sent to the correct address, and that it was sent by signed-for first class delivery. The letter clearly states what the problem is, and clearly requests the garage to collect the car and repair the engine by 4 February.

That evidence is not consistent with Mr H receiving two voicemails from the garage on 1 and 6 February, offering to repair his car, and just ignoring them.

I have also seen the reply to the chargeback dispute which was provided to Barclays by the merchant acquirer on behalf of the garage. It contains no evidence of the two alleged phone calls, other than a short email from the garage to the acquirer asserting that the calls were made and that Mr H did not reply.

I have reminded myself of the chargeback rules. The rules relevant to this complaint are in dispute category 13.3 (*"defective or not as described merchandise/services"*). They require (among other things; I have focused on the most relevant ones):

- *"An explanation of what was not as described or defective or information regarding the quality-related issue,"*
- Evidence *"that the Cardholder attempted to resolve the dispute with the Merchant"*, and
- *"Evidence of ongoing negotiations between the Cardholder and the Merchant to resolve the dispute."*

I think that Mr H's letter is satisfactory evidence of all of those matters.

The rules then require that the response to the claim be evidence of one of the following:

- A refund by the merchant has not been taken into account,
- *"The Dispute is invalid"*,
- *"The Cardholder no longer disputes the Transaction"*,
- The services or goods were not damaged or defective, or
- *"Evidence to prove that the Cardholder did not attempt to return the merchandise."*

The first four matters on that list clearly do not apply. The last, evidence that Mr H did not attempt to return the engine, is contradicted by his letter, and is only supported by the email from the garage about the alleged voicemails. That latter evidence strikes me as being quite

flimsy, and on balance I think that Mr H's letter is objectively more persuasive.

As I said earlier, it is not my role to resolve the dispute between Mr H and the garage myself, but to assess whether Barclays did enough to pursue the chargeback. But for the reasons I have given above, I currently think that Barclays's assessment of the evidence before it prior to 14 March was unduly pessimistic about Mr H's prospects of success, and that it should have upheld his claim and pursued it to arbitration¹ if necessary.

So I am currently minded to uphold this complaint. Subject to any further submissions I receive from the parties ... I intend to order Barclays Bank UK PLC to pay Mr H £4,640.56.

Putting things right

Mr H accepted my provisional decision, but he asked about interest on the proposed award. I would normally award interest on compensation at eight per cent a year, but I had overlooked it on this occasion. I think it would be fair to add interest in this case, and so I told Barclays that I was going to do that, subject to any comments it had to make about that. Barclays did not reply to that email, or to the provisional decision itself. So there is no reason for me to depart from my provisional findings – except to include interest – and I confirm them here.

My final decision

My decision is that I uphold this complaint. I order Barclays Bank UK PLC to pay Mr H £4,640.56, and to pay him simple interest on that sum at 8% a year from 1 April 2022 to the date of settlement.

(If Barclays considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate. Mr H should refer back to Barclays if he is unsure of the approach it has taken, and both parties should contact HMRC if they want to know more about the tax treatment of this portion of the compensation.)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 August 2023.

Richard Wood
Ombudsman

¹ Arbitration is a later step in which Visa determines the outcome based only on the evidence already supplied, not new evidence.