

The complaint

Mr J is unhappy with how Barclays Bank UK PLC handled his chargeback for damaged goods.

What happened

In August 2022 Mr J placed two orders for some tiles, from an online marketplace, using his Barclays debit card. The two orders were for £1,052.25 and £778.18 respectively.

Although Mr J agreed to have the tiles delivered to a port, he was unhappy that he had to pay additional charges when the tiles arrived. After Mr J paid the additional charges, he arranged for the tiles to be delivered from the port to his home address. When he received the tiles, Mr J noticed some of the tiles were damaged. When he was unable to resolve this directly with the supplier, he contacted Barclays.

On 29 January 2023 Barclays raised two separate chargebacks for £1,052.25 and £778.18.

On 12 February 2023 Barclays received a letter from the merchant defending the chargebacks. In summary it explained the additional costs, associated with the tiles arriving at the port, were Mr J's responsibility, and that he was already made aware of these costs. The merchant also said it told Mr J to check the products before signing for the tiles, but as Mr J didn't do this, the merchant didn't think it had caused any errors.

On 21 February 2023 Barclays wrote to Mr J and said the merchant had tried to take the disputed payment from his account again. Barclays said it had rejected it, but if the merchant contested this, it could send his case to VISA for a decision.

On 13 March 2023 a pre-arbitration response was received from the merchant. In summary it said the transport company used by Mr J to deliver the tiles, from the port to his address, was responsible for the damage. The merchant mentioned how Mr J didn't report the damage until eight days after the tiles were delivered, nor had he provided any images of the damage. The merchant also said Mr J didn't return the tiles, and why it didn't think Mr J asking for its address, was an attempt to return the tiles. For these reasons, the merchant didn't think the chargebacks were valid.

On 17 March 2023 Barclays told Mr J it wasn't able to recover the disputed payments, so couldn't give him a refund.

On 20 March 2023 Mr J wrote to Barclays. In summary, he remained unhappy about the additional fees he paid at the port and said these weren't outlined to him as the merchant had suggested. Mr J didn't consider the transport company who delivered the tiles from the port to his address was responsible for the damage, and thought it was due to the merchant's poor packaging. Mr J also explained that under the Consumer Rights Act 2015, he was entitled to a refund and/or compensation when goods were faulty, or not as described, irrespective of transportation. With regard to the reporting of the damage, Mr J said he wasn't informed about the timescales for doing so, and in terms of returning the tiles he thought the merchant should cover the cost for this.

On 26 March 2023 Mr J wrote to Barclays again saying he was unhappy with the outcome of the chargebacks. He thought the merchant was given preferential treatment, as it had two chances to present its case, whilst he was given only one. He also thought the merchant's second response letter was largely false and misleading and didn't think this was considered during the dispute resolution process.

On 5 May 2023 Barclays sent Mr J a final response letter. It said there had been no bank error made with the chargeback disputes and it had followed all of the process correctly as per VISA's terms and conditions.

When Mr J referred his complaint to our service, the investigator didn't uphold it. She said it was for Barclays to decide if it had sufficient grounds to take the cases to the final stage of arbitration. She didn't think it had made any errors, by closing the claims, and didn't think Barclays could've done anymore especially as Mr J hadn't returned the tiles.

Mr J was unhappy. In summary he explained he didn't return the tiles, as it would have exceeded £2,500, which was more than the original purchase price. He thought this was unreasonable especially as the merchant was unwilling to cover the postage costs. Mr J maintained Barclays had failed to provide an explanation for closing the claim against him and felt the chargebacks should've gone further.

As both parties couldn't agree, the case has been referred to me to make a decision.

I issued a provisional decision which has been set out below:

"I think it is worth underlining here that I am deciding what is fair based on the actions of Barclays in assisting with the dispute and not the underlying dispute Mr J has with the supplier. Barclays did not supply the goods and services so when deciding what is fair and reasonable here, I am considering whether it acted fairly in its role as a provider of financial services.

When a card payment is made there are usually two main avenues to consider regarding a dispute about what was purchased. Section 75 and chargeback. However, in the case of a debit card, Section 75 does not apply. I note that a debit card was used here so I consider only chargeback to be relevant.

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants. It allows customers to ask for a transaction to be refunded in a number of situations, such as where the goods are defective, as in this case.

There's no obligation for a card issuer to raise a chargeback when a consumer asks for one. And chargeback is not a guaranteed method of getting a refund because chargebacks may be defended by merchants. 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 J's dispute with the online 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 both chargebacks fairly quickly, after Mr J first contacted it. When the chargebacks were then defended, it took both chargeback disputes to pre-arbitration. Following the

merchant's lengthy response back, suggesting Mr J didn't have a valid chargeback claim, Barclays considered this defence was enough to not pursue the chargebacks further.

I've considered the relevant chargeback rules and I'm satisfied that Barclays acted fairly here. When reviewing the evidence from the merchant, in response to the chargebacks, I consider the defence was strong, and had the chargebacks been considered further by Barclays, I am not persuaded there was a reasonable prospect of success.

I say this because firstly as the merchant suggested, there is uncertainty surrounding who was responsible for the damage caused to the tiles. I can see the supplier delivered the tiles to the port, but Mr J then used a separate third-party company to deliver the tiles from the port to his home address. By Mr J's own admission, he didn't check the tiles at the port, and so it can't be said with any certainty when the damage to the tiles occurred, or who was responsible for it.

The merchant's defence also suggested that it didn't agree Mr J had a valid claim, as the tiles weren't returned. The scheme rules do specify that under the code for goods/services not as described or defective merchandise, one of the requirements for a valid chargeback is for the goods to have been returned or attempted to return.

I appreciate what Mr J has said about the costs of returning the tiles becoming more than the initial purchase price. Unfortunately, the VISA scheme rules don't allow for exceptions such as this and the tiles would've needed to be returned under the scheme rules for a valid chargeback to apply.

I appreciate Mr J also provided further submissions and is unhappy that the chargebacks weren't considered further. However, this is a complex dispute with the supplier strongly contesting the customer account and vice versa. I also don't consider that under the code for 'damaged or defective goods' the chargebacks would have had a reasonable prospect of success based on what Mr J has said and what he's provided as explained above. And so, I don't think Barclays has done anything wrong by not taking the chargebacks further.

Additional charges

Mr J has mentioned the additional charges he paid for the tiles at the port. However, chargeback is limited to particular and specific chargeback rules and can only possibly recover the amount paid on the card. Unlike section 75 for example, a chargeback doesn't cover additional losses to the original transaction. And so, the additional charges which Mr J has spoken about are not available through these rules.

Mr J has also referred to the Consumer Rights Act 2015 and that he can make a claim under this. But I confirm that this Act refers to goods and services bought by credit. Mr J used his debit card and didn't pay for the tiles using a form of credit. So, this doesn't apply in his case either.

So, taking everything into account, I'm persuaded that Barclays took the claims 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 J will be disappointed with the outcome of his complaint, but I hope he understands why I've concluded that Barclays doesn't need to do anything more.

My provisional decision

For the reasons given above, my provisional decision is that I don't uphold Mr J's complaint

and don't consider Barclays Bank UK PLC did anything wrong in not considering his chargebacks further.

I invited both parties to respond to my provisional decision with any further submissions. Barclays didn't respond and Mr J didn't agree with my findings. In summary Mr J said:

- He still considered the damage to the tiles were caused by the merchant and not the transit he'd used.
- He did attempt to return the tiles, but the merchant didn't facilitate the return process.
- Barclays didn't handle his case fairly and he didn't think it had explained its decision or the chargeback process clearly.
- He encountered several challenges when providing evidence and wanted to be compensated for the lack of support, financial loss, and distress he'd incurred during the chargeback process.
- There were several consumer protection laws which he felt were applicable to debit card transactions and he wanted his claims to be reconsidered.

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, much of what Mr J has said in response to my provisional decision has already been explored and explained in my provisional decision which I have outlined above and forms part of this final decision.

Mr J has mentioned several consumer protection laws which he considers should be taken into account when considering the chargeback disputes. Whilst some of these may be relevant to transactions, or the way payments are made, what I've focussed on here is the dispute process under the chargeback scheme, and whether Barclays acted fairly in relation to the chargeback scheme, which I'm satisfied isn't subject to additional laws. The rules of the scheme are governed by VISA here, and according to these rules, I consider Barclays took the steps I would've expected it to take when handling Mr J's chargeback requests. And, based on the information it had received from both Mr J and the merchant, I don't think it acted unfairly in deciding not to continue with the chargeback disputes when it did.

As I've already covered the issues surrounding the cause of damage to the tiles, and the return process, I will not provide any further comments in relation to this.

With regard to Mr J saying he encountered challenges with submitting evidence and receiving poor service from Barclays, when I consider the timeline of events and Barclays' communications with Mr J, overall, I think Barclays acted reasonably and so I won't be asking it to do anymore regarding this aspect either.

I realise that Mr J will be very disappointed with the outcome I have reached, but he is, of course, entitled to reject my decision and pursue action through alternative means, such as the courts which comes with its own risks and costs. He may wish to seek independent legal advice about this, as I am unable to advise on it. My final decision however brings to an end what I, and the Financial Ombudsman Service, can do for Mr J in relation to this matter.

My final decision

My final decision is that I don't uphold Mr J's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 January 2024.

Farhana Akhtar
Ombudsman