

## **The complaint**

A company which I'll refer to as 'T' complains that Barclays Bank Plc gave them misleading information about the fees it would apply to international transactions when providing merchant services.

The complaint is brought on T's behalf by their director, Mr T.

## **What happened**

T had an agreement with another merchant services provider but was looking to change provider to reduce the international transactions fees they were incurring.

T told us:

- Barclays told them that they wouldn't incur international transaction fees for cards issued in the European Union ('EU') but when they'd received their first transaction statement, they realised this wasn't the case and made a complaint.
- The bank said the charges had been applied correctly and in line with the service agreement, but if they'd been told they would incur these fees they wouldn't have entered into the contract with Barclays and believed they'd been misled.
- They had now moved to a new provider and wanted the international transaction fees that they'd been charged refunded, including the fees they'd incurred whilst moving their account to the new provider, and compensation for the inconvenience caused.

Barclays told us:

- The international transaction fees T incurred were correctly applied, as these were for cards which were issued outside of the European Economic Area ('EEA').
- The agreement and fee schedule which T had agreed to said that international transaction fees would apply on top of any merchant services charges. And if the merchant is in the UK this would apply to all transactions if the card issuer was outside of the UK. If the merchant is in the EEA, it would apply to any transactions where the card issuer is outside the EEA.
- It had listened to the call with its sales team and heard them confirm that international fees were charged on cards outside the EU.
- It had apologised to T that the international transaction fees hadn't been clearly explained and refunded £388.97 of these fees as a gesture of goodwill.

Our investigator recommended T's complaint be upheld. He thought it was likely that T had been given incorrect information by Barclays as the bank hadn't been able to provide a copy of the call. He recognised that T had signed an agreement which explained when international transaction fees would be payable. However, he was more persuaded by T's

testimony that they'd only entered the agreement based on what they'd been told – given that they'd raised a dispute as soon as they'd received their first statement. So, he thought that Barclays should refund all the international charges T had incurred until 18 August 2022 when they'd received the bank's final response and pay them £200 compensation.

T didn't agree with the investigators view as they felt they should be awarded compensation for the time taken to find a new provider. Barclays didn't say whether it agreed or disagreed with the investigators view, so the case was passed to be to decide.

I issued a provisional decision on 23 December 2023. I said the following:

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've decided to uphold it. I'll explain why.

T told us that Barclays misled them when they signed their merchant service agreement, as they were told on the phone that EU issued cards wouldn't incur international transaction fees. Barclays accepted that its adviser had been unclear in telling T what fees they would incur. However, it said that T had signed the service agreement and confirmed they understood the charges which would be payable. So, it had fairly applied the international transaction fees.

Despite numerous requests Barclays hasn't provided a copy of the call from 4 April 2022 so I can't be sure what was said. However, T has been consistent with their testimony throughout that the reason they were looking for a new merchant services provider was to save money on their international transaction fees. I've seen that when T received their first statement in May 2022, they contacted Barclays straight away to query this specific fee which they'd been charged. Given the timing and content of T's complaint, I think it's likely on the balance of probability that they were misled about the international transfer fees, and I'm not persuaded they would have signed the agreement had they been given the correct information. So, I think the merchant services agreement was mis-sold to T.

T told us that they wouldn't have incurred any international transaction fees if they'd gone with their new provider straight away, and therefore Barclays should refund the international transaction fees they incurred. However, I've seen T's new provider merchant service agreement, and I can see that there are international fees payable, albeit at a lower rate. So based on what I've seen, I think T would always have chosen a contract with the provider offering lower international transfer fees. However, I haven't seen any evidence that Barclays didn't apply the fees it charged T in line with their terms and conditions – only that T didn't think they were payable.

So given that I think T would always have incurred some fees for international transactions, I think the fairest way to put things right would be for Barclays to refund the difference between what it charged for these transactions, and what the new provider charged T from the date they signed the agreement with bank, to the date they moved to their new provider, less the amount it has already refunded. I gave Barclays a copy of T's new provider's international transactions fee structure and asked the bank to tell me if it was able to calculate the difference in these fees, so that T was in the same position they would have been had the mis-sale not taken place.

I said that if it wasn't possible for Barclays to calculate the difference, the fairest way to put T back in the position they would have been in, was for the bank to refund all the international transaction fee's T had incurred, less the amount it had already

refunded to T. Barclays hasn't said if it can calculate the difference in the fees T should have paid, and therefore my provisional decision assumes that it isn't possible for the bank to resolve the complaint in this way.

T says they should be awarded compensation for the inconvenience caused from having to look for an alternative provider. But I'm not persuaded that's the case. I say this because they already told this service that they were looking for a new provider when they signed the agreement with Barclays. This means that T would have always had to look for a provider which offered them the charging structure that they wanted – even if this had been prior to them signing the agreement with Barclays. So, I can't reasonably award them compensation for the period they took to find this.

I think Barclays should have been clearer in its communication about international transaction fees, particularly as it was the key factor in the company's decision to move merchant service provider. And I think because Barclays was unclear, T was caused inconvenience from having to challenge the bank on what they should be paying and reconciling their transactions. So, I'm recommending that Barclays pay T £200 compensation for the inconvenience caused.

I invited T and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. T accepted the decision and had nothing further to add. Barclays said it didn't agree with my decision. It also said it did respond to our investigators opinion and disagreed with their recommendation and had also provided the call of 4 April 2022. It also provided a further copy of the call for me to consider.

### **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've decided to uphold it for similar reasons to those set out in my provisional decision.

I've listened to the call of 4 April between Barclays and T, but it doesn't change my decision. I say this because, I heard Barclays confirm to Mr T that all the fees which were chargeable within the contract were included in the information it had sent to him. Mr T then specifically asked Barclays about the international card payments and after a discussion, it clearly said that international transaction fees were payable on any card's issued *outside* of the European Economic Area ('EEA'). So, I think it was reasonable that Mr T didn't think international transaction fees would be payable for cards which had been issued within the EEA.

Therefore, I remain of the opinion that Barclays didn't treat T fairly so it should put things right in the manner set out in my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I instruct Barclays Bank Plc to do the following:

- Refund the international transaction fees paid by T on all types of cards issued within the EU from 14 April 2022 when the agreement with T commenced, to 14 November 2022 when T moved to their new provider – less the £388.97 it has already refunded.
- Pay T £200 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 11 March 2024.

Jenny Lomax  
**Ombudsman**