

The complaint

Mr T complains about the service received from Lloyds Bank PLC when it returned his cheques unpaid.

What happened

Mr T wrote two cheques from his Lloyds account which were returned unpaid, of which the most recent one was to send to his savings account with another provider.

Lloyds returned the cheques unpaid, it said it appears that Mr T's signature on the cheques didn't match the one it held on its records.

Mr T wasn't happy with the checking process and feels this is a failure with Lloyds automated systems. He feels if there had been some proper oversight Lloyds would have identified the cheques were payable to himself, so not a security risk.

As Mr T had to process a further cheque three days later, he says he has missed out on the interest he would have received had the initial cheque cleared as it should have.

Lloyds responded to Mr T, after the first cheque was returned and offered him £50 compensation as he was unable to contact the cheque clearing team immediately. But Lloyds didn't think it had acted unfairly on returning the cheques unpaid.

Unhappy with this Mr T brought his complaint to this service. Our investigator looked into things for Mr T. They didn't think Lloyds had acted unfairly in returning the cheques, and they didn't think Lloyds needed to do anything more.

Mr T says Lloyds should have contacted him by telephone to discuss the cheque. He believes Lloyds has inadequate internal checking procedures which made the process inconvenient. He feels he has lost out on interest because of the delay in processing his cheque. As an agreement can't be reached, the case has been passed to me for a 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.

It's important for me to highlight that it's not this service's role to say what processes Lloyds should use, but we consider whether a firm has acted fairly or not.

I've seen a copy of the cheque dated 11 July 2023 that was returned unpaid, and I've also seen the signature that Lloyds holds for Mr T on its records. I appreciate Mr T's frustration at having the cheque returned unpaid, particularly as he'd made the cheque payable to himself. But I find Lloyds haven't acted unreasonably in stopping the cheque where it had legitimate security concerns, as appears to have been the case here. Having considered the signatures I'm satisfied that Lloyds didn't act unfairly; I say this because there is a significant difference between the two signatures.

Mr T says Lloyds accepted a subsequent cheque from him and he felt the difference between the signatures on the two cheques was minor. Lloyds has told us its system does make allowances for natural changes that can occur over the course of time. I can see there was a difference between the cheque Lloyds accepted and the one it returned unpaid, so I don't think it acted unreasonably here either.

I understand Mr T says that the cheque was payable to himself and had this been processed manually it would have been picked up. But the cheque that was returned unpaid was for a significant sum, and that coupled with the discrepancy in the signature meant Lloyds weren't, regardless of the system in use, happy to release the funds, which I don't think was unreasonable.

I can certainly understand Mr T's anxiety at the cheque being returned. This has caused him some inconvenience, but Lloyds fairly followed its process here. As I've explained, it was fair, in the circumstances, to refuse to pay the cheque. Lloyds has paid £50 to reflect any shortcomings in its communications with Mr T after the first cheque was returned, which I think is fair. So I am not going to ask it to do anything further.

My final decision

For the reasons mentioned above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 November 2023.

Jag Dhuphar
Ombudsman