

## **The complaint**

Mr H is unhappy that Lloyds Bank PLC didn't honour cheques he paid in because they hadn't correctly recorded his signature on their systems.

## **What happened**

In May 2021, Mr H opened a new account with Lloyds. A few months later, in October 2021, Mr H tried to make a payment by cheque. But Lloyds didn't honour the cheque because they didn't hold a copy of Mr H's signature.

Shortly afterwards, Mr H visited a Lloyds branch and provided a copy of his signature to be recorded on Lloyds' systems. But Lloyds didn't record Mr H's signature on their systems as they should have done. And this meant that when Mr H submitted a further cheque, this cheque wasn't honoured by Lloyds either – because they didn't have a copy of Mr H's signature on file. Mr H wasn't happy about this, so he raised a complaint.

Lloyds responded to Mr H and apologised for not recording the signature that he'd provided in branch as they should have done. Lloyds also included a signature mandate form for Mr H to complete and returned, which corrected the error that they'd made, and they made a payment of £100 to Mr H for any upset or inconvenience he may have incurred. Mr H wasn't satisfied with Lloyds' response and felt that a larger award of compensation was merited. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt the response that Lloyds issued to Mr H's complaint – including correcting the signature error and the payment of £100 compensation – already represented a fair outcome to what had happened. Mr H remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

In his correspondence with our investigator, Mr H has said that he feels that this service is absolving Lloyds of doing anything wrong. But Lloyds have themselves admitted that they made an error here in not recording Mr H's signature on their systems when he provided it. And so, it isn't the case that the view of this complaint put forwards by our investigator attempted to absolve Lloyds of making any mistake here. Rather, our investigator has said that they felt that Lloyds actions in response to the mistake, that they accepted they had made, already represented a fair resolution to that mistake.

It's important to confirm here that this service isn't a regulatory body, and so it isn't the role of this service to punish or fine a business for any mistakes that they may have made. Instead, the role of this service is to assess the impact of a mistake on a complainant party and, if it's felt necessary, to instruct the business to undertake corrective action so that the complainant is returned, as much as reasonably possible, to the position they should have been in, had the error never occurred.

In this instance, Mr H had opened the Lloyds account in question online, which meant that no signature was captured by Lloyds at the point of opening. And while Mr H has explained that he also held another account with Lloyds where a copy of his signature should have been recorded, this account was moved to Lloyds from another provider via a current account switch – which wouldn't include a copy of Mr H's signature being provided to Lloyds from the originating bank.

As such, I'm satisfied that Lloyds didn't hold a copy of Mr H's signature when the first cheque wasn't honoured by them in October 2021. And this meant that it was always going to be the case that Mr H needed to provide a copy of his signature to Lloyds.

However, as Lloyds have acknowledged, when Mr H provided his signature to them in branch in October 2021, this should have been recorded on their systems, but wasn't. And so, I'm in agreement with Lloyds that, when Mr H's second cheque wasn't honoured because his signature hadn't been correctly recorded by them, that Mr H did incur a degree of inconvenience and frustration that he reasonably shouldn't have.

Lloyds apologised to Mr H for this and made a payment of £100 to him. And, while I appreciate that Mr H doesn't agree, upon consideration, I feel that this £100 payment is a fair compensation amount for the trouble and upset that Mr H incurred here. And one reason I say this is because this service assesses awards of compensation for trouble and upset based on the impact to the complainant that actually took place.

In this instance, the cheque in question was a deposit to a new savings account that Mr H had opened with another financial institution. As such, the impact on Mr H here was that he had to complete the transfer to the new savings account online, having received the money from the cheque back into his Lloyds account, and he also had to resubmit his signature to Lloyds. This was undoubtedly inconvenient and frustrating for Mr H. But I feel that it was an impact on him that the payment of £100 from Lloyds has already fairly compensated him for.

Mr H has noted that the cheque could have been a deposit for a property purchase, in which case the impact on him would have been potentially greater. But the cheque wasn't for a deposit for a property purchase. And, as explained above, this service assesses the fairness of compensation awards based on the actual impact that occurred.

All of which means that I feel that the response that Lloyds issued to Mr H's complaint – including the apology and the form to enable the signature error to be corrected, and the payment of £100 compensation to Mr H – already represents a fair outcome to what happened here. And it follows from this that I won't be upholding this complaint or instructing Lloyds to take any further action.

I realise this won't be the outcome Mr H was wanting. But I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 November 2023.

Paul Cooper  
**Ombudsman**