

The complaint

Mr and Mrs L complain Lloyds Bank PLC returned a cheque unpaid they'd issued from their current account.

As it was Mr L who issued the cheque and made the complaint, I've referred mostly to him.

What happened

Mr L wrote a cheque for £12,000 and paid it into his Individual Savings Account (ISA) at another bank, which I'll call S. When Lloyds came to verify the payment of the cheque they found they didn't hold a signature for Mr L – so they couldn't verify it. So they returned it unpaid.

Because the cheque was returned unpaid, Mr L tried to transfer the money into the ISA by faster payment twice, but both these attempts were rejected. So Mr L complained to Lloyds as he felt they were responsible for the fact that he couldn't move the money into his ISA to benefit from the full allowance for the year.

Lloyds responded to say they were sorry that Mr L's signature mandate wasn't on file. They said this was likely because their systems had changed over the years. They credited the account with £25 in recognition of the distress and inconvenience – including a visit to the branch. They also said they'd looked into the two attempted transfers Mr L had made and found these had been returned by S. So they suggested Mr L follow this up with them if he remained unhappy.

Unhappy with this response, Mr and Mrs L referred their complaint to our service.

An Investigator considered the complaint. She said, in summary, she agreed Lloyds had caused the unpaid cheque by not having Mr L's signature on file. But didn't think they were responsible for the ISA allowance not being taken up.

Mr L didn't accept the Investigator's findings. He said Lloyds had already admitted they'd made a mistake so they should be responsible for the lost interest.

As Mr and Mrs L didn't agree, the complaint's been passed to me to decide.

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 doesn't appear to be disputed that Lloyds did not hold Mr L's signature on file and they should've done. So I'm satisfied that this caused Mr L's cheque to be returned unpaid, when it otherwise likely wouldn't have. To rectify this, Mr L had to visit a branch and I can see Lloyds do now hold his signature and this is dated 5 April 2023 – so this all seems to have been resolved promptly within a couple of days of the cheque being returned unpaid on 3 April 2023. So I think £25 is fair in respect of the distress and inconvenience caused.

Turning to the transfers, Mr L is adamant Lloyds is also responsible for the fact that he wasn't able to get the money into his ISA with S before the end of the tax year and so wants them to pay the interest he's lost. He says this because he says Lloyds should have told S why the unpaid cheque had been returned – due to their error in relation to the signature mandate.

The evidence I've seen suggests that these payments were returned by S. And Mr L told us and Lloyds, that S said this was because they had counted the cheque towards his ISA allowance for the year despite it being returned unpaid. So in these circumstances, I don't think I can fairly conclude Lloyds are responsible for the failure of the transfers. Nor do I think they were obliged to contact S about the specific reason for the unpaid cheque. Which means I'm not going to require Lloyds to pay Mr and Mrs L the interest they say they've lost out on.

Overall, I'm satisfied Lloyds have treated Mr and Mrs L fairly.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 11 January 2024.

Eleanor Rippengale
Ombudsman