

## **The complaint**

Mr and Mrs C have complained that Lloyds Bank PLC (“Lloyds”) failed to deal properly with the cancellation of a cheque – resulting in them going significantly overdrawn.

## **What happened**

Towards the end of 2021, Mr and Mrs C opened a new savings account with a building society. They intended to fund the account partly from the joint account they had with Lloyds. They wrote a cheque for the deposit - which left their account substantially in credit.

But when the building society presented the cheque, Lloyds declined it, saying there were insufficient funds in the account. Mr and Mrs C knew this wasn't the case. So Mr C went to a local branch to find out what had happened. While he was there, he was told the cheque had been declined because Lloyds didn't have a specimen signature for Mrs C on their system. So they couldn't verify the payment.

To put matters right, Mr C arranged with the branch manager for the cheque to be cancelled and for a faster payment for the deposit to be sent to the building society in its place.

On his return home, Mrs C checked their account online and found that, not only had the faster payment been made, a second payment for the same amount had also been made. These two payments together left the account about £28,000 overdrawn. As a result, Mr C received texts, asking him to pay in funds to pay back the overdraft – which was unauthorised. And both Mr and Mrs C's debit cards were cancelled.

Mr and Mrs C contacted Lloyds to find out what had happened – but without success. They say they were told several times the position would be corrected. And it was suggested that, to correct the position more quickly, they could cancel the faster payment, which they didn't want to do. So they made a complaint to Lloyds.

The day after they did this, and before Lloyds responded to their complaint, one of the payments was returned to Mr and Mrs C's account and their account was returned to the correct position.

In their response to the complaint, Lloyds explained they didn't process the cheque because they didn't have a specimen signature for Mrs C. And they said that, although they'd told Mr C they'd cancelled the cheque, they'd not done that properly – which led to it being paid, in addition to the faster payment. Lloyds apologised for this and for the worry the mistake had caused. They offered to pay Mr and Mrs C £450 compensation, plus £78 for the expenses Mr and Mrs C said they'd incurred.

Mr and Mrs C rejected Lloyds' offer and said they thought they should receive at least £5,000. Lloyds looked again at the complaint and increased their offer to £595 compensation plus £200 for expenses. Mr and Mrs C rejected this as well and brought their complaint to us.

Our investigator considered the complaint and concluded that, while Lloyds had made mistakes, they'd offered a reasonable amount to compensate Mr and Mrs C for what had

gone wrong. While she acknowledged the worry the mistake had caused, she noted that this was an issue of human error – which does happen from time to time. And that Lloyds had resolved the issue in a timely way.

With regard to the £200 for expenses, she thought, in the absence of evidence showing Mr and Mrs C has incurred more costs, that this was reasonable.

Mr and Mrs C didn't agree with the investigator's view. So I've been asked to make 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.

Having done that, I'm upholding Mr and Mrs C's complaint. But I don't think Lloyds need to offer any more than they already have to resolve it. I'll explain why.

It's clear from everything I've read that Mr and Mrs C were very upset by what happened and – understandably – concerned about what had happened to a significant amount of their money. But, as our investigator explained, mistakes do sometimes happen. Although Mr and Mrs C don't believe that's the case, nothing I've read persuades me that there's another explanation.

I can see Lloyds said in their second letter to Mr and Mrs C that, although Mrs C had come to the branch and provided a specimen signature earlier in 2021, they hadn't updated their systems. I'm satisfied this explains why the cheque was returned. Any why it was suggested to Mr C that he make a faster payment instead.

And Lloyds have confirmed they made a second mistake in not cancelling the cheque properly – leading to it being presented and paid. Mr and Mrs C have suggested that this was a potentially fraudulent, or criminal, act. That's not something I can make a decision about. And I can only say that Lloyds should compensate them for what actually went wrong – rather than what could have happened.

Mr and Mrs C have said Lloyds' offer is inadequate compensation for what happened. Having reviewed all of the documentation I can see that paying both the cheque and the faster payment meant Mr and Mrs C went overdrawn, received texts asking them to rectify the position and had their debit cards stopped.

I've carefully considered the impact that had. Mr and Mrs C have said that they were worried about their financial reputation and the impact this situation had on their credit score. But Lloyds have confirmed no entries were made on their credit file – so there was no impact on that.

Nor have I seen that anyone, apart from them, Lloyds (who acknowledged the mistake was theirs) and the building society (who were aware of the circumstances) know what happened. Both businesses have a duty to keep their customers' information confidential and nothing I've seen suggests they didn't do that. So I don't think there's evidence Mr and Mrs C's reputation was affected by what happened.

And – while I know it was a worrying time - I can see the situation was resolved within a few days. Mr and Mrs C's account was overdrawn from a Thursday until the following Tuesday. They didn't incur any overdraft charges in this time. Nor have they said they weren't able to make necessary payments.

So, while Lloyds do need to compensate them for what happened, I've not seen anything to persuade me the compensation they've offered should be increased.

Nor have I seen any evidence of the costs Mr and Mrs C say they incurred in trying to sort matters out. They've referred to fuel costs for visits to the branch and the cost of calls. But they've not sent us anything to show what those were. Without any evidence, it's not reasonable for me to say Lloyds should pay more than the £200 they've offered for this.

### **My final decision**

For the reasons I've explained, I'm upholding Mr and Mrs C's complaint about Lloyds Bank PLC and directing Lloyds to pay them the £595 compensation and £200 contribution to expenses they've previously offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 2 June 2022.

Helen Stacey  
**Ombudsman**