

The complaint

Ms D is unhappy with the service she's received from The Royal Bank of Scotland Plc ("RBS") surrounding the returning of unpaid cheques.

What happened

Ms D opened a new current account with RBS in November 2020. Unfortunately, the account was opened without the successful capture of Ms D's signature by RBS. The absence of this signature meant that RBS couldn't verify the authenticity of several cheques that Ms D issued - often for substantial amounts – and resulted in the cheques being returned as unpaid by RBS.

When the first series of cheques was returned as unpaid, RBS sent a letter to Ms D which gave ten possible reasons why the cheques may have been returned. This letter included that there may have been an issue with Ms D's signature, but at that time the specific reason why the cheques had been returned hadn't been ascertained by RBS, and Ms D wasn't aware that RBS not holding her signature was the issue.

A few weeks later, more cheques that Ms D had issued were returned as unpaid, and RBS sent the same letter to Ms D as they had before. Ms D wasn't happy that her cheques weren't being paid by RBS and wasn't aware of any reason why that should be the case. So, she raised a complaint.

RBS looked at Ms D's complaint. They explained that the cheques had been stopped for security reasons to protect Ms D's money, and while they acknowledged Ms D's frustration, they didn't uphold her complaint.

Ms D wasn't satisfied with RBS's response, so she referred her complaint to this service. One of our investigators looked at this complaint. They liaised with both Ms D and RBS, during which time it was confirmed that the reason for the cheques being returned was because RBS didn't hold a copy of Ms D's signature.

Our investigator felt that it had been RBS's responsibility to have ensured that Ms D's signature had been captured at the time that the account was opened, and they acknowledged that Ms D hadn't been able to complete investment objectives because of the returning of the cheques by RBS and that she'd lost out on potential interest and investment returns because of this. As such, after detailed discussions with both Ms D and RBS, our investigator recommended that this complaint should be upheld in Ms D's favour and that RBS should make a payment of £500 to Ms D by way of compensation.

Ms D wasn't satisfied with the view of this complaint put forwards by our investigator, 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.

I issued a provisional decision on this complaint on 12 May 2022 as follows:

RBS don't dispute that not having a copy of Ms D's signature led to Ms D's cheques being returned as unpaid, and they've accepted that Ms D should be compensated financially because of this. What is in dispute is the amount of compensation that should be paid.

Ms D has explained that the purpose of several of the returned cheques was to move large amounts of money to other accounts where the balances would have benefitted from better rates of interest than was provided by the RBS current account. In addition, Ms D felt that she'd been affected financially by not being able to make a large payment to her mortgage, which one of the cheques was intended to do, meaning that the larger mortgage balance continued to incur interest.

It's difficult to accurately quantify Ms D's potential losses here without more accurate information, and it also must be remembered that other forms of transferring money between accounts besides the use of cheques was available to Ms D. Indeed, RBS have confirmed that Ms D did make some transfers via CHAPS, and so I'm satisfied that Ms D was aware of other methods of moving money, and able to use them.

While liaising with our investigator, RBS calculated that Ms D's potential losses may be £350. This was based on loss of interest calculations from the dates that the cheques ought reasonably have cleared into the intended accounts up to the point that CHAPS payments were made by Ms D, as well as calculating the additional interest that Ms D would potentially have incurred on her mortgage up to the date when a successful transfer to the mortgage account by Ms D was made.

This seems reasonable to me, and I feel that this amount of compensation along with a further £150 in light of the trouble and upset this matter has caused Ms D – resulting in a total payment of £500 – does represent a fair and reasonable resolution to this complaint.

All of which means that my provisional decision here is that I'll be upholding this complaint in Ms D's favour and instructing RBS to make a payment of £500 to Ms D, which as explained I feel provides fair recompense to Ms D for any losses and for any upset and inconvenience she may have incurred.

In my provisional decision letter, I gave both Mrs D and RBS the opportunity to provide any comments or new information they might wish me to consider before I moved to a final decision.

In response, Mrs D did provide some further comments and explained that she wasn't assured that RBS wouldn't have the same issue regarding future cheques that she might issue to herself moving forwards. I can appreciate Mrs D's trepidation here, but this service isn't a regulatory body and our remit only concerns matters of complaint. So, while I feel that RBS are aware of Mrs D's concerns, I can only encourage Mrs D to confirm with RBS herself that they have all the information needed by them for this issue to not arise again. Ultimately, taking Mrs D's further comments into consideration, it remains my position that upholding this complaint in Mrs D's favour and instructing RBS to make a payment of £500 to Mrs D does represent a fair and reasonable resolution to what has happened here. And I can therefore confirm that my final decision is that I do uphold this complaint in Mrs D's favour on that basis accordingly.

Putting things right

RBS must make a payment of £500 to Mrs D.

My final decision

My final decision is that I uphold this complaint against The Royal Bank of Scotland Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 8 July 2022.

Paul Cooper
Ombudsman