

The complaint

K, a limited company, complains that Barclays Bank UK Plc refused to process a cheque that they deposited, and instead closed the account.

What happened

K is represented by its director Ms E. K held an account with Barclays. Ms E went into a Barclays branch to deposit a cheque from a third-party bank for payment to K. Barclays had concerns about the cheque and didn't process it. They also closed K's account.

Ms E raised a complaint on behalf of K. She asked for the funds from the cheque to be released to her, or for the cheque to be returned to her. But Barclays didn't feel they'd done anything wrong. They said the terms of K's account allowed them to close the account at any time. They explained that as the cheque was never processed there were no funds to be released. But they accepted they had provided K with some wrong information about needing proof of the funds and offered £200 compensation.

Barclays later clarified to K that they would be returning the cheque to the issuing branch of the third-party bank.

Unhappy with this K referred their complaint to our service. One of investigators looked into what happened but didn't think Barclays needed to do anything further. She thought it was reasonable for Barclays to have concerns about the cheque and to decline to process it. She also felt it was reasonable for Barclays to decline to return the cheque, considering their concerns. She said the account closure was in line with the terms of K's account, and that the £200 Barclays had offered was a fair amount for the incorrect information given.

K disagreed and asked for the cheque to be returned. Because no agreement could be reached the case has 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.

I don't think it was unreasonable for Barclays to have concerns about the cheque, considering its high value. A cheque is a promise to pay an amount, but it is not a guarantee. So, if a bank has valid concerns that a cheque will not clear – for example if there is not enough money in the account the cheque is from – then it's reasonable to not process the cheque.

From Barclays' notes I can see that after Ms E deposited the cheque, she told Barclays that the funds weren't yet in the third-party bank account. I've seen nothing to suggest this cheque would have cleared, or that this money should be available to K. The information I've seen suggests there wasn't enough money in the third-party bank account. Therefore, it's completely reasonable that Barclays declined to process the cheque.

As the cheque wasn't processed no funds were transferred to Barclays. There is nothing to return to K, aside from existing balance on K's account which Barclays have already done.

I'm satisfied that Ms E would have been aware of this at the time she attempted to deposit the cheque into K's account. Having reviewed Barclays' terms, I'm satisfied this gives them grounds to close K's account in the manner they did.

Barclays are not obliged to return the cheque to K and have explained they've returned the cheque to the third-party bank. I consider this to be a reasonable course of action, considering the very valid concerns about this cheque.

Overall, I've seen nothing to suggest Barclays have been unreasonable in declining to pay the value of the cheque into K's account or return the cheque to Ms E.

Barclays have already offered £200 for giving K incorrect information about needing proof of funds. If K wishes to accept this, they should contact Barclays directly.

My final decision

My final decision is that Barclays Bank UK Plc do not need to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 10 November 2022.

Thom Bennett
Ombudsman