

The complaint

The trustees of a trust I shall call S complain about the handling by Barclays Bank UK PLC of cheque payments made to the trust's beneficiaries and about how the bank sought to address the issue.

What happened

In December 2021, the trustees of S issued some cheques from S to its beneficiaries. Barclays declined most of these cheques due to concerns about the cheque signatures not matching those on the mandate. Barclays says that it sought to contact each of the trustees and left a message for one of them; though the trustees say they were not contacted.

In early January 2022, one of the trustees, who I shall call Mr C, contacted Barclays and discovered that the bank held the wrong mobile number for him. This was disappointing given the tenure of his relationship with Barclays. However, Barclays says that it had sought to contact Mr C on his home number, which was correct, so it did not contribute to the problems in this case. Barclays told Mr C to go into a Barclays branch to update his signature on the mandate.

Later in January, Mr C attended his local Barclays branch where, through a lengthy process, he was able to complete the paperwork requested. However, Barclays later told him that he had been mis-advised, and the mandate could not be updated in this way. The trip had therefore been a waste of time.

Subsequently, further cheques issued by the trustees of S to the trust's beneficiaries were also stopped, and for the same reason. On one occasion Barclays phoned Mr C who was able to confirm the cheque was genuine and this payment was cleared. However, on other occasions, Barclays was unable to reach the trustees, so the payments were rejected.

Given the repeated issue, Barclays contacted its third party which processes cheque payments to see if a marker had been placed on S's account due to the concerns about non-matching signatures. In late January, the third party confirmed that this marker would be removed.

The trustees complained to Barclays. They were unhappy that:

- Barclays should not have stopped the cheques as the differences between the signatures on the cheques and those on the mandate were tiny.
- In each case when a cheque was stopped, Barclays should have contacted the trustees to gain approval for the cheque, so that it could be released and processed.
- Barclays had mis-advised Mr C that he should attend a Barclays branch to update the mandate.

Barclays apologised for mis-advising Mr C to attend his local branch to update his signature on the mandate and offered him £100 in compensation. However, Barclays said that S's

cheques were rejected due to the signatures on the cheques not matching the signatures on the mandate. It said there was no error in this process as there were differences, and the process is there to protect funds in the customer's account. It acknowledged that a marker had been applied to S's account, given the concerns, which would have prompted extra checks, but this was removed promptly following discussions with Mr C. Barclays said that it called the trustees on each occasion that a cheque was stopped to confirm if it was genuine, but in most cases was unable to get through.

In response to the trustees' complaint, Barclays also said that it would facilitate Mr C emailing a list of cheque payments in advance to avoid them being stopped. Although helpful, this was also a source of frustration for Mr C as he had previously requested this and been told it wasn't possible.

Not content with Barclays' response, the trustees of S brought their complaint to our service. Mr C described the offer from Barclays of £100 as derisory. He said that compensation of £1,000 would be appropriate to cover the time and inconvenience incurred, and to reflect the poor service and false information provided.

Our Investigator considered the complaint but said that, in his view, Barclays' offer was fair. The trustees of S didn't agree with this view, so they asked for an ombudsman's 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 looked at the sequence of events, I can understand why Mr C and his fellow trustees felt deeply frustrated at their cheques repeatedly being stopped, and at the process to get the issues addressed.

However, having looked at the processes followed by Barclays, I don't think the bank (or its agents) did anything wrong in how they reviewed the cheques, stopped them or applied a marker to note their concerns. There is clearly some judgement required in comparing signatures, but there were differences between the signatures on the cheques and those on the mandate so I don't believe it was unreasonable to raise concerns. These processes are important to protect against fraudulent payments and, unfortunately, they will sometimes inhibit genuine payments too.

I have looked into whether Barclays made sufficient efforts to contact the trustees of S each time a payment was stopped, and I'm satisfied that it did. Unfortunately, in most cases it was unable to reach a trustee to confirm the payment but, having reviewed the evidence available, I do believe that each time a payment was stopped, Barclays did seek to reach the trustees by phone.

Barclays did make a mistake in falsely instructing Mr C to attend a local branch to update his signature on the mandate. This was a waste of his time and caused a lot of frustration. This is the part of the complaint I uphold. Barclays has apologised for this and offered a small amount (£100) in compensation. Although I know Mr C thinks more compensation is warranted, given the issues were subsequently addressed, I believe this amount is reasonable in the circumstances and is broadly what I would have awarded.

I can also appreciate Mr C's frustration that, despite being told that his proposal to pre-approve cheque payments by emailing a list in advance wasn't possible, he was later told this could be done. However, as this was provided as an interim and exceptional solution until the signature on the mandate could be changed, I believe this is reasonable.

I am aware that this isn't the response the trustees of S would have been hoping for. However, having considered carefully the full sequence of events and investigated the matter closely, I don't believe I can fairly ask Barclays to do any more.

My final decision

I uphold this complaint in part and require Barclays Bank UK PLC to pay S the £100 it has offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask the Trustees of S to accept or reject my decision before 7 October 2022.

Andy Wright
Ombudsman