

The complaint

Mr S complains that Santander UK Plc trading as Cahoot paid a third party bank a fee which he didn't want them to pay.

What happened

Mr S has an overseas bank account with a third party provider. But he says the account was inoperable, so he asked Cahoot if he could pay into his account with them a cheque from his overseas account, which they confirmed he could. Mr S says that after eight weeks the cheque was returned unpaid and his overseas bank refused to tell him why. He says he asked Cahoot to find out why the cheque was returned unpaid and they refused. Mr S says that on 21 June, Cahoot paid the overseas bank £270.65. He says if they discussed this with him prior to making the payment, knowing that he was in a serious dispute with the third party bank then he would have told them not to pay the funds. Mr S made a complaint to Cahoot.

Cahoot did not uphold Mr S's complaint. They said they received a foreign cheque on 27 April 2022 for 27,000 Euros. They said on 20 June 2022, the foreign cheque had been unpaid due to the third party overseas bank's decision and they were charging Mr S 276.11 Euro's for fees. Cahoot said Mr S would need to contact the third party bank about this. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S's complaint. She said it appeared that Cahoot made reasonable attempts to have the cheque paid. She said they were not responsible for the clearing time or the cheque being unpaid.

Mr S asked for an Ombudsman to review his complaint. He made a number of points. In summary, he said nobody has yet told him why the cheque had not been paid or how the fee had been calculated. He said the fee appears to have been for a completed transaction. He said Cahoot knew he was in dispute with the overseas bank and they failed to assist him in any way. Mr S said the fee should not have been paid without reference to him and he would have told them not to pay it.

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.

Mr S has made a number of points to this service and Cahoot and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I've considered what Mr S has said about how Cahoot should not have paid the fee to the overseas bank without reference to him and he would have told them not to pay the fee. I've looked online for Cahoot's terms and conditions to see if there is any reference to foreign cheques being unpaid. And there is. Section 6.4 of the terms and conditions references foreign currency cheques.

Condition (iv) of 6.4 of the terms and conditions shows a section titled “*unpaid cheques*”. Section (b) of these terms state “*If any Correspondent charges have been levied in respect of the unpaid cheque, these will also be debited from your Account.*”

So I’m satisfied that Cahoot made it clear in their terms and conditions that there may be charges incurred for depositing a foreign cheque – even when a foreign cheque is unpaid. In this instance, Cahoot have said the charge was from the overseas third party provider who had charged the fee. Based on the terms and conditions, I’m satisfied that Cahoot have not acted outside of these by paying the fee to the third party bank without consulting with him first.

Mr S would need to contact the third party bank for a breakdown of the costs if he wants to know why he was charged what he was by them and he may also want to check their terms and conditions regarding their charges for issuing foreign cheques and unpaid foreign cheques. And to find out why the cheque was unpaid. Mr S should make a complaint with them if he feels it is necessary to do so. Here, as the complaint is against Cahoot only, I can only consider their actions, and not that of a third party overseas bank.

I’ve considered what Mr S has said about Cahoot not assisting him in anyway and they knew he was in a dispute with the overseas bank. But I’m not persuaded that they didn’t try to assist him. I say this as they have set out their investigation and timeline into what happened. And they followed their process for a foreign cheque. I’ve seen no evidence that the overseas bank have given them a reason for the cheque being unpaid. And I’m not persuaded it is Cahoot’s responsibility to communicate with the overseas bank to establish this as this is something Mr S would need to take up with them directly.

I say this as Cahoot’s role was to facilitate the foreign cheque to be paid into his account. They would have no control over the third party bank not honouring the cheque or what they would charge him for this. Even if Cahoot knew there was a dispute between Mr S and the third party bank, Mr S still chose to deposit the cheque with Cahoot, so I would not expect them to do anything different than what they did. So it follows I don’t require Cahoot to do anything further here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 31 January 2023.

Gregory Sloanes
Ombudsman