

The complaint

Mr M complains about The Royal Bank of Scotland Plc (RBS) and their failure to process the original cheque he cashed in, which resulted in him needing to incur significant costs to obtain a replacement.

What happened

In January 2020, Mr M deposited a cheque for payment into his account. But Mr M didn't receive the funds, or an update from RBS, for a significant period of time. So, he attended his local branch and he discovered the cheque had expired and so, hadn't been processed. Mr M was unhappy about this, so he raised a complaint.

Mr M raised several complaints as the situation evolved. He was unhappy that RBS had failed to process the cheque within a reasonable amount of time, leading it to expire. He explained how this had left him needing to request a new cheque from the issuer, which was located abroad. And due to difficulties corresponding with the issuer, Mr M was forced to travel abroad to liaise with the issuer in person, made more difficult due to the travel restrictions put in place due to COVID-19. So, Mr M wanted to be reimbursed for the costs of this travel, an agent he instructed to assist him as well as being compensated for the time he was without the funds, which he had intended to use for investment purposes.

RBS responded and upheld Mr M's complaint. They recognised they hadn't submitted Mr M's cheque for transcription until May 2020, some five months after it had been received. And as the cheque was issued in November 2019, this meant the cheque had expired. And they recognised this had caused Mr M significant inconvenience, as he'd needed to travel abroad to obtain a new one. So, they paid Mr M a total of £2,502.48 to cover his travel costs as well as the loss in exchange rate, as well as compensating him for the upset he'd been caused.

Mr M was unhappy with this. Mr M wanted the fees of the agent he instructed to assist him to be covered by RBS, and he also wanted a payment to reflect the length of time he'd been without access to the funds. As Mr M remained unhappy, he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They thought the payment RBS had already paid was a fair one, that adequately compensated Mr M. They didn't think RBS should cover the agent costs Mr M incurred, as it was Mr M's own decision to instruct this agent without an agreement from RBS stating they would cover the costs of this. And they didn't think they had evidence to show Mr M suffered a financial loss as he was unable to evidence the investment he would've made, and the return it would've yielded.

Mr M didn't agree. He didn't think he'd been adequately compensated for the time he was without the funds or the fact he missed out on an investment opportunity which he didn't think he was reasonably able to evidence. So, he wanted the complaint to be reconsidered.

I issued a provisional decision on 25 October 2022, where I explained my intention to uphold the complaint. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, it's my intention to uphold the complaint. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

RBS have accepted they made an error when processing Mr M's original cheque. And they accept this error led to the expiry of the cheque, requiring Mr M to obtain a new cheque from the issuer directly. As this isn't in dispute, I don't intend to discuss this in any further details, as I'm satisfied RBS acted unfairly. Instead, I've focused on the main points of contention, which focus on what RBS should do to put things right.

Putting things right

When thinking about what RBS should do to put things right, any award or direction I make is intended to place Mr M back in the position he would've been, had RBS acted fairly in the first instance.

In this situation, had RBS acted fairly, I think they would've processed the first cheque within its expiry date, meaning Mr M wouldn't have needed to travel abroad to ensure he obtained a new one. So, I think it follows that RBS should cover the costs of this travel which I'm glad to see they have done.

I also think RBS should cover the costs of any loss in exchange rate that may have occurred and again, I'm glad to see they've done this while also absorbing any additional costs Mr M incurred having the deposit the cheque again.

But I don't think RBS have compensated Mr M fairly for the fact he was without the funds for a period of almost 22 months. Mr M says he intended to use the funds for investment purposes, which I don't dispute. But the evidence Mr M has provided doesn't show what investment that was for and what it would've returned in enough detail for me to consider this aspect of the financial loss. So, I don't think RBS should pay Mr M for any financial loss that relates to any profit he may or may not have made.

But crucially, I think Mr M lost the opportunity to use the funds as he wished, for an extensive period of time. And our service's standard approach is to ask a business to pay a customer 8% statutory interest for the amount of time they were without access to the funds, when they shouldn't have been.

In this situation, I can see RBS processed the second cheque in 17 days. So, I think it's reasonable for me to assume RBS could have, and should have, processed the first cheque in the same period of time. Had they done so; I think it's reasonable for me to assume Mr M would've received the funds into his account on 3 February 2020, as he deposited the cheque on 15 January 2020. So, I intend to direct RBS to pay Mr M 8% statutory interest on the value of the cheque from 3 February 2020 until the date he finally received the funds on 17 November 2021, as I think this adequately compensates him for the time he was without access to the cheque amount.

I've also thought about the agent fees Mr M incurred trying to obtain a replacement cheque. While I don't think he would've needed to do this had RBS acted fairly, I also need to ensure any direction or award I make doesn't place Mr M in a position of betterment. And as part of this consideration, I must consider what is fair to both parties as we are an independent and impartial service.

I can see the fees Mr M incurred were substantial. And Mr M instructed the agent with the

aim of receiving the replacement cheque without needing to travel, due to COVID restrictions. But I don't think the restrictions in place were the fault, or responsibility, of RBS. So, I don't think I can hold them accountable for this. I also can't see that RBS agreed to cover the costs of the agent. Instead, they agreed to reasonable costs associated to Mr M obtaining a replacement cheque. In this situation, I don't think the agent costs Mr M incurred were reasonable and I think it was Mr M's own decision to take this course of action without prior agreement with RBS. So, I don't think RBS were responsible for Mr M's decision to instruct an agent and don't intend to ask them to cover the costs of this."

Responses

Mr M responded to my provisional decision, saying he had no further comments to add. And RBS didn't respond to my provisional decision within the time frame provided.

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 so, I see no reason to change my initial decision. Neither party have provided me with any comments or information that would impact my original conclusions. So, I think RBS acted unfairly and I think they need to do something more than they already have to reasonably compensate Mr M.

Putting things right

As I explained in my provision decision, any award or direction I make is intended to place Mr M back in the position he would've been had RBS acted fairly. And in this situation, I don't think the actions RBS have taken to resolve Mr M's complaint take into consideration the length of time he was without the value of the cheque, meaning he was unable to use the funds however he saw fit during that period.

So, I think RBS should pay Mr M 8% statutory interest on the value of cheque from the date I think he should've reasonably received it to when he did. This falls in line with our service's standard approach to similar situations where customers are left without access to their money due to an error by their bank, which RBS have already accepted in this case.

My final decision

For the reasons outlined above, I uphold Mr M's complaint about The Royal Bank of Scotland Plc and I direct them to take the following action:

- Calculate and pay Mr M 8% statutory interest of the value of the cheque from 3 February 2021 to 17 November 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 December 2022.

Josh Haskey
Ombudsman