

The complaint

A company which I'll refer to as R, complains that Barclays Bank UK PLC haven't offered sufficient compensation for the inconvenience caused by the bank's loss of two cheques that R deposited into its account.

In bringing this complaint R is represented by its director who I'll refer to as Mr L

What happened

The background to this case is well known to the parties so, I won't repeat it in detail.

Briefly:

- On 4 April 2022, during a visit to one of Barclays' branches, Mr L deposited two \$US cheques totalling \$4,207.56 into R's USD account. By June 2022, the proceeds were still not credited to R's account. So, Mr L complained to the bank about the delay.
- In their response on 4 July 2022 Barclays told R that they had lost the cheques. The bank suggested that as precaution R should contact its customer to request, they place a stop on the cheques and send the payments again electronically.
- On 22 July 2022 R did so and received the payment on 1 September 2022.
- R said it spent time and effort resolving the issue and the time it took to receive the payment caused it inconvenience. R believes that ultimately Barclays were to blame for the events and should pay £1,205 as compensation - broken down as follows:
 - Managerial time: £700
 - Support staff time: £200
 - Interest on sum: £105
 - Compensation for the inconvenience caused: £200
 - Total: £1,205
- Barclays acknowledged they were at fault for losing the cheques and they acknowledged too that there was delay in R eventually receiving the replacement funds. Barclays said they recommended that when making the payment again R should tell its client to do so electronically because at the time the bank had temporarily stopped accepting foreign currency cheques. But the bank didn't think it should be held solely responsible, if at all, for the delay that followed. According to Barclays the delay returning the funds electronically was outside their control and perhaps more the responsibility of R's clients.
- Barclays, said also that having regard to balance in R's other accounts, they didn't think R was having to rely on the delayed funds. So, they believed the overall impact

of the delay on R was minimal. The bank offered R £100 as compensation for its inconvenience.

R didn't think the offer was fair and as the complaint remained unresolved, it was passed to our service to consider.

Our investigator concluded that Barclays' offer of £100 was fair for the inconvenience R suffered from having to make different arrangements to receive the funds from its clients and the time taken to correspond with Barclays and its clients to resolve matters. That said, our investigator also concluded that Barclays needed to do more to put things right.

Given the bank's eight-week timeframe, R would have expected the cleared funds around 4 June. But it didn't receive them until 1 September. The investigator thought Barclays should pay interest for the period R went without the funds – in other words, from June to September.

Barclays accepted the investigator's recommendation. But R didn't.

R didn't think £100 was reasonable having regard to the extra work it said was generated by the bank's error and the associated inconvenience it experienced.

On the question of inconvenience, it believes that an award falling within our awards band of £300-£750 might be appropriate. In particular, because, it's aimed at circumstances where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort over weeks or months to sort out. R believes this mirrors its position and therefore, it has asked for a review of its case by an ombudsman

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.

Barclays made an error in April 2022 when they lost the two cheques R deposited in one of their branches. And as well as paying R compensation for the inconvenience this caused, which I'll come back to later, Barclays agreed to pay interest at 8% simple on the cheque proceeds from the date the cheques would have cleared but for the bank's error to the date R eventually received the funds in September 2022.

I'm satisfied this fairly settles the claim for interest made by R. On top of that, I bear in mind also that the change in the method of payment by R's customer in September 2022 from cheques as originally intended to electronic payments resulted in a modest saving to R. In other words, whereas R would have been charged £16 per cheque, the charge for each electronic payment was materially less at £6.

In light of Barclays' agreement to settle the lost interest element of R's case, the outstanding issue for me to consider is really whether the bank's offer of £100 is fair for the inconvenience it accepts R suffered because of its error. In particular, bearing in mind R thinks this should be £200. On top of that, I've also thought about whether the bank should go further and also pay compensation for the time taken by R's management and support staff to recover the payment in September 2022.

We wouldn't generally award compensation by reference to any rate the management and/or support staff of a complainant charges for their time, as R would like to happen in this case. Instead, we consider what an appropriate level of compensation would be having regard to

the overall impact an error had on the complainant. So, I've taken that approach in my consideration of R's case.

Barclays have argued that R had funds in other accounts that it could have relied on and therefore, the impact of the delay in receiving its funds was less significant than otherwise it might have been. That is perhaps true. But, in any case it is not my understanding it is R's case that not having cleared funds for use in the period they were absent from its account also contributed to its inconvenience.

Leaving that to one side, I'm satisfied nonetheless, that Barclays' error caused some avoidable inconvenience to R. First, in early July 2022 I note there were exchanges of e-mails between R and Barclays as R tried to find out what had happened to the two cheques. And later, there were exchanges of emails between R and its customer when R told them about the misplaced cheques and, as Barclays recommended it should do, it also let its customer know they needed to cancel the cheques and make the payment electronically. Also, when the payment didn't arrive in a timely manner, R had to follow things up to ensure its customer was still intent on sending the payment as had been promised.

Putting things right

But after taking everything into account I'm satisfied that the £100 offered by Barclays is fair and reasonable in all the circumstances of the complaint. I say that also because although it was the bank's error that led to these events, the inconvenience associated with the delay receiving the funds was in large part caused by R's customer sending the replacement funds to R

My final decision

My final decision is I uphold this complaint. In full and final settlement, I recommend that Barclays Bank UK PLC pay R:

- 8% simple interest per annum on \$US 4,207.56 from 4 June 2022 to 1 September 2022.
- £100 compensation for inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 3 March 2023.

Asher Gordon
Ombudsman