

The complaint

Mr and Mrs B complain Barclays Bank UK Plc paid two cheques belonging to them into another customer's account in error.

What happened

Mr B wrote two cheques from his company account in favour of himself and Mrs B. He deposited these cheques at a third party with paying in details for his and Mrs B's joint account at another bank, which I'll call H.

When the cheques weren't credited to Mr and Mrs B's joint account at H, Mr B got in touch with the bank the cheques were drawn on, which I'll call L. Mr and Mrs B discovered the cheques had been deposited into someone else's account, held at Barclays.

Barclays looked into what happened when Mr and Mrs B contacted them. They were satisfied they'd paid the cheques into their customer's account in good faith and without negligence. Mr and Mrs B weren't happy with this response so referred their complaint to our service.

An Investigator considered Mr and Mrs B's complaint. She said, in summary, she was satisfied Barclays hadn't done anything wrong in processing the cheques. She was satisfied the cheques appeared to have the same payee and that corresponded with the name on the account the cheques were paid into.

Mr and Mrs B didn't accept the Investigator's findings. They said Barclays must've done something wrong because one of the cheques was in Mr B's name and his initials don't correspond with the Barclays' customer account name. They also said Barclays failed to ask any questions when the money was being removed from the account, so the complaint was passed to me to decide.

I issued a provisional decision. I've set out my provisional findings again below and they form part of this decision.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr and Mrs B's complaint in considerably less detail than they have. If I've not reflected something that's been said during the course of the complaint in my decision it's not because I didn't see it, it's because I didn't consider it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Where a financial business wrongly credits the account of one of their customers with a cheque made payable to someone else it's known as cheque conversion. In cases of cheque conversion, it's for the financial business to show they acted in good faith and without negligence.

There appears to be no dispute Mr and Mrs B are the true owners of the cheques concerned. And there appears to be no dispute that Barclays acted in good faith in processing the cheques. So, what remains for me to consider is whether Barclays acted negligently.

Mr B says he paid the cheques in at a third party on 31 March 2022. One was payable to Mr B's initial and surname, the other was payable to Mrs B's initial and surname. The cheques were intended to be paid into Mr and Mrs B's joint account at H.

The cheques were paid into an account in someone else's name at Barclays on 8 April 2022. The account had already been open for several months. But the Barclays customer changed their name on the account. Barclays has told us the name change was completed on 4 April 2022. The evidence provided shows Barclays received the information they needed to legitimately change their customer's name on the account. It also shows their customer changed their name several days before Mr B says he paid in the cheque. I don't fully understand how that's possible, but in any event, I'm satisfied Barclays followed the correct process.

Mr and Mrs B feel strongly that Barclays should've been alerted to there being something suspicious about the paying in of the cheques so shortly after the name change, and because, they say, one of the cheques was clearly payable to a different initial to the one on the account.

The cheque deposit envelope that Barclays received with the cheques was deposited on 6 April 2022 – at a different branch of the same third-party Mr B had deposited the cheques at. So not in a Barclays branch or at the same time as the name change request. As these two things happened separately, I don't think it's unreasonable that Barclays didn't make the connection at the time.

Along with the cheques in the envelope, was a Barclays branded paying-in slip. This is dated 8 April 2022 – so not the same date as the envelope and has been completed in different handwriting to both the cheques and the envelope. However, Barclays wouldn't have known at this point that the cheques had been written by Mr B and for the benefit of himself and Mrs B – because the name the cheques were drawn on was a company. I would expect a paying-in slip to be usually completed by the person paying in the cheque – which isn't always the payee as it's quite usual for people to receive cheque payments from others or ask others to deposit cheques on their behalf. Similarly, the envelope could also have been completed by anyone – also not necessarily the payee. And the mistake with the dates – where the cheque was deposited on 6 April 2022, but the payee slip included with the cheque was dated two days ahead on 8 April – could have been made innocently because two different people had completed the forms.

Overall, I don't think the different handwriting, or the date discrepancy should reasonably have alerted Barclays to a problem. And I don't think there's anything about this issue that should reasonably have prompted Barclays to link this and the recent name change on the account – for the reasons I've already explained.

Barclays has provided copies of the cheques. Having looked at both cheques, they do appear to both be payable to Mrs B's initial and surname. We know now that they weren't

both intended for the same payee, so with that context I can see there's a slight difference in the payee on the cheques. But, at the time, and with only the cheques as presented, I don't think it was unreasonable for Barclays to treat them as payable to their customer.

Having considered events as I've laid them out here, there was a series of events which, on reflection and when listed out in order of what happened, look suspicious. But, as I've explained, at the time I don't think there was a reasonable opportunity for Barclays to have linked the events and spotted something was potentially wrong. Overall, I don't think Barclays acted negligently in paying the cheques into their customer's account based on the information they had at the time.

The cheque proceeds credited Barclays' customer's account on 8 April and over a series of transactions most of the money was removed by 14 April 2022. Barclays' records indicate they first received contact from Mr and Mrs B about the cheques on 29 April 2022 – so about two weeks after the money had been removed from the account. Mr and Mrs B had also received a letter from L on 27 April 2022 explaining that they had written to Barclays – though I'm aware Mr B had been in contact with L much earlier than this.

Mr B is unhappy Barclays didn't appear to question any of the transactions their customer was making after paying the cheques in or ask their customer to return the funds they'd received in error. It's for Barclays to decide how their fraud prevention measures operate and these measures are usually designed to stop the bank's customer being a victim of fraud – here that would've been Barclays' customer and not Mr and Mrs B. Sometimes when money is credited to an account in error, the account holder will be asked to confirm whether the money is theirs and if not, asked to agree that the funds can be returned to the sender. As I've said, by the time Barclays were aware of the issue most of the money had already been withdrawn. But, given what we now know, it seems unlikely the Barclays' customer would have agreed to return the funds in any event. When Barclays were first notified, they placed blocks on the account and later closed it. It's unclear whether Barclays also reported this to the police but overall, I think Barclays took appropriate steps when they became aware of the problem.

Mr and Mrs B were told on 2 May 2022 in a phone call with Barclays that the cheques had been paid in error and their money would be refunded. They also received information that the money was being held in a suspense account – though it's unclear where this information came from. But, based on the evidence, this information wasn't correct. I'd agree with our Investigator that Barclays shouldn't have given Mr and Mrs B the wrong information – or provided assurances about a refund – without having properly looked into what had happened first. I don't doubt that being assured a refund would be forthcoming only to be told later Barclays didn't intend to refund them would've been very worrying for Mr and Mrs B – not least because of the value of the cheques at over £30,000. So I think Barclays should pay Mr and Mrs B £200 in recognition of this incorrect information and the impact it had on them.

I understand Mr and Mrs B have since had the money refunded by the bank the cheques were drawn on. So, they're now in the position they would've been in had the cheques not gone missing. But they didn't get the money back straight away and having had the cheques stolen in the first place means they've been through quite a significant period of distress and inconvenience. I'm also sorry to hear Mr and Mrs B suffered a bereavement during this period. However, for the reasons I've set out above I don't think I can fairly conclude Barclays acted negligently in relation to the cheques or was responsible for them being stolen in the first place. So, while I'm sorry for everything they've been through, I don't intend to require Barclays to pay them compensation for this.

Responses to my provisional decision

Mr and Mrs B replied to say they didn't agree with my findings. They made a number of points which I've summarised as follows:

- They don't agree Barclays followed the correct process in relation to either the name change or the paying in of the cheque.
- They said the date the cheque was paid in at the third-party was 28 March 2022, and not 31 March 2022.
- They said L had been in contact with Barclays much earlier than 29 April 2022.
- They maintain the cheques were paid into a holding account before being paid to the Barclays' customer account.
- The information about the holding account came via L and was later confirmed by Barclays.
- The £200 was insufficient to recognise the impact on them and the company on which the cheques were drawn.

Barclays responded to say they accepted my provisional findings.

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 and Mrs B don't agree with my provisional findings that Barclays followed the correct process when handling the name change request and cheques. But, they haven't provided anything new for me to consider on this point. So I remain satisfied, for the same reasons set out in my provisional decision, Barclays didn't make a mistake in these respects.

Mr and Mrs B say the cheque was paid in on 28 March 2022 and not 31 March 2022. The 31 March 2022 is noted by Barclays as the date Mr B paid the cheques in. So I've reconsidered matters taking 28 March as the paying-in date – having done so, I'm not persuaded this changes anything. I say this because it seems most likely the cheques were intercepted after Mr B paid them in and since it was paid in the second time using a different paying-in slip and envelope – Barclays wouldn't have known the original paying in date when they received it.

Turning to the contact with Barclays by Mr and Mrs B and the other bank, L. Mr B says the evidence clearly shows L was in contact with Barclays long before 29 April 2022. But Barclays records show the first contact from Mr and Mrs B was 29 April and Mr B's evidence shows he had a conversation with L on 22 April 2022 saying L needed to raise a trace for the cheques. Mr and Mrs B then received a letter from L on 27 April 2022 explaining that they had written to Barclays although this letter doesn't say when they did so. But based on Mr B's evidence and the letter, it seems most likely this was between 22 and 27 April 2022 – so some time after the majority of the funds had been removed from the account, 14 April 2022, in any event. As the contact from L was *after* the majority of the funds had been removed, I've seen nothing to suggest any contact from L would have led to a different outcome – because that contact was effectively too late.

Mr and Mrs B say they were told by both L and Barclays the cheques were initially paid into a suspense account. I accept this is what Mr and Mrs B were told but I've seen no evidence that the cheques were *in fact* paid into a suspense account. They appear to have been paid directly into the Barclays' customer account. I know Mr and Mrs B don't accept this but I'm

satisfied that's what happened and the other information they were given is wrong. This is, in part, the reason I provisionally upheld their complaint.

Mr and Mrs B don't agree £200 is sufficient in recognition for all they've been through. They also added that this matter caused the company the cheques were drawn on a great deal of inconvenience. I'm sure it did but this complaint is about the impact on Mr and Mrs B as they were the true owners of the cheques – so I can't consider any inconvenience to the company. Also, I acknowledged Mr and Mrs B had been through a significant amount of distress and inconvenience because of what's happened but most of that was caused by the fact the cheques had been stolen in the first place – which isn't something I could fairly hold Barclays responsible for.

So, while I know Mr and Mrs B will be disappointed, I still find Barclays should pay Mr and Mrs B £200 in respect of the wrong information they gave them and the distress and inconvenience this caused.

My final decision

For the reasons I've explained, I uphold this complaint in part.

To put things right, I require Barclays Bank UK Plc to pay Mr and Mrs B £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 11 May 2023.

Eleanor Rippengale
Ombudsman