

The complaint

Mr W complains that Lloyds Bank PLC didn't pay a cheque he issued.

What happened

Mr W's told us that on 15 September 2022 he wrote a cheque made out to himself for £50,000 and paid it into an account he holds with another bank I'll call N. The cheque was processed by N but Lloyds later declined to pay it. On 21 September 2022 Lloyds sent Mr W a letter to let him know the cheque hadn't been paid. Mr W's explained he was away at the time so wasn't aware his cheque hadn't been paid.

Mr W's advised he contacted Lloyds to try and understand what happened and also visited the branch on several occasions. Mr W says he wasn't contacted by Lloyds as promised and that he was told the complaint had been closed despite the issue being unresolved.

Lloyds issued a final response on 3 November 2022 and paid Mr W £30 to cover his travel costs and £20 to apologise for the service provided. Lloyds also apologised that Mr W's complaint had been closed when it should've been escalated and that the information provided differed between the people he spoke with.

An investigator at this service looked at Mr W's complaint and upheld it. In his submissions, Mr W explained he had intended to use the funds to pay into a savings account so had lost out on the interest he would've received. Mr W also said he'd incurred taxi costs when visiting the branch. Our investigator asked Lloyds to pay Mr W 3.75% interest from the 15 September 2022 until 21 September 2022, the date it wrote to let him know the cheque hadn't been paid. The investigator also asked Lloyds to pay Mr W a total of £70 in respect of the distress and inconvenience cause in addition to the £30 compensation paid for the cost of his taxis.

Lloyds accepted the investigator's recommendations but Mr W asked to appeal and said he'd made multiple complaints about the issues raised and that Lloyds hadn't shared the full details with us. As Mr W asked to appeal, his complaint has been passed to me to make a 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I can understand why Mr W is upset that Lloyds didn't pay the cheque he deposited. N was satisfied the cheque was genuine and passed it to Lloyds for processing. And whilst Lloyds has confirmed Mr W's cheque was likely scrutinised whilst being processed, it hasn't been able to explain why it declined to pay it. So whilst Lloyds did write to Mr W to confirm his cheque hadn't been paid, it can't tell us why. I'm satisfied it's reasonable for Lloyds to compensate Mr W for the loss of interest he may have suffered along with the distress and inconvenience caused.

Lloyds wrote to Mr W on 21 September 2022 to advise it hadn't paid the cheque. Whilst it took around a week, that's in line with Lloyds' process when a cheque isn't paid. And I'm not persuaded it was unreasonable for Lloyds to write to Mr W explaining what had happened. Mr W's told us he was away for around a month so didn't initially see Lloyds' letter. But that's not something I can reasonably say Lloyds would have been aware of.

Our investigator recommended Lloyds pay Mr W interest at the rate the savings account would've paid (3.75%) from 15 September 2022 to 21 September 2022. In addition, the investigator awarded 8% simple interest on the refund amount until the date of settlement. I'm satisfied that the interest award is a fair way to recognise Mr W's losses and resolve this part of his complaint.

Lloyds has agreed to pay Mr W a total of £70 in respect of the distress and inconvenience caused along with £30 to cover his travel costs. Taking everything I've seen into account, I'm satisfied the settlement agreed reasonably reflects the impact of the issues raised on Mr W and is a fair way to resolve his complaint.

Mr W's explained that he raised several complaints about this issue with Lloyds and that he is unhappy with the way his case was dealt with. I understand Mr W feels Lloyds has misled us and failed to provide all its evidence. But Lloyds' final response accepts Mr W's complaint wasn't escalated as it should've been and that the service provided was poor at times. I should also add that complaint handling, in its own right, isn't something our service has the powers to consider unless it's directly connected to the main issues raised. And whilst I don't doubt what Mr W's told us about his experiences with Lloyds I think it's fair to say they weren't directly linked to the key issue which was the decision not to pay his cheque. So whilst I understand Mr W is upset at the way his complaint was handled, our rules don't allow me to make an award or uphold a complaint on that basis.

Lloyds has agreed to refund interest and pay Mr W £70 in respect of the distress and inconvenience caused in addition to £30 travel costs. As I'm satisfied that's a fair way to resolve Mr W's complaint I'm not increasing the award further or telling Lloyds to do anything else.

My final decision

My decision is that I uphold Mr W's complaint and direct Lloyds Bank PLC to settle as follows:

- Pay Mr W 3.75% interest on the £50,000 cheque funds from 15 September 2022 to 21 September 2022 plus 8% interest on that award until the date of settlement
- Pay Mr W £30 in respect of travel costs plus £70 for the distress and inconvenience caused (less any compensation already paid)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 June 2023.

Marco Manente
Ombudsman