

The complaint

Mrs K and Mr K complain that Barclays Bank UK PLC (Barclays) collected a cheque's value.

What happened

On 10 October 2022, Mrs K and Mr K took a cheque with a value of USD 13,596.39 to a branch of Barclays and paid it into their account. On 2 December 2022, the value of the cheque was credited to their account - £10,911.23.

Mrs K and Mr K complained. They said they had asked for the cheque to be negotiated – i.e. the value to be credited immediately. They weren't told that collection was to be used. If they had, they would've torn up the cheque and asked the remitting bank to transfer the money instead – with a charge of USD 25. They wanted to know what the threshold was for when a cheque would be sent for collection. Because of what happened, the exchange rate moved against them and they lost £1,400. They want this refunded to them.

Barclays said they'd discussed the complaint on the phone and closed it after discussion with Mrs K and Mr K. In their submissions to us, Barclays said their internal processes say that a cheque could be sent for collection if they decided, and customers weren't to be advised of such. And collection can take up to eight weeks.

Mrs K and Mr K brought their complaint to us. Our investigator said Barclays acted reasonably and didn't uphold the complaint. He said Barclays followed their internal processes. If Barclays agreed to a negotiation, this meant the bank 'lent' the money to Mrs K and Mr K until the cheque clears later. Barclays made the decision not to do that and sent the cheque for collection – due to its value.

Mrs K and Mr K didn't agree. They said:

- They hadn't paid in USD cheques of such a high value before. But lower value cheques had always been negotiated.
- Barclays should've told them it was being collected and not negotiated. They could then have decided to have the money transferred by the remitting bank for a fee of USD25 at the exchange rate at the time, rather than later.
- They couldn't see that Barclays had the right to change the instruction they'd given – which was to negotiate the cheque.

They asked that an ombudsman look at their complaint – and so it has come to me to do that.

I issued a provisional decision which said:

Where a cheque is 'negotiated' – the bank effectively lends a customer the money against the cheque. And the bank gets the money later when the cheque's value is received. So – for cheque negotiations, the bank carries out a risk assessment on the customer - as that customer would have to stand the loss if the cheque was then returned unpaid.

Where a cheque is 'collected' – then there is no such risk to Barclays. The cheque is later presented for payment and the proceeds collected by the bank and credited to a customer's account at the later date. In the case of Mrs K and Mr K, this is what happened - the value of the cheque was credited to their account on 2 December 2022 - £10,911.23. This was at an exchange rate of 1.243 with a fee of £27.14.

Barclays could send the cheque for collection if they wished to do so – that is contained within their terms and conditions, and it's well-established banking practice that a firm can collect or negotiate a 'foreign' cheque. So – this provisional decision comes down to the communications with Mrs K and Mr K. They argue they weren't advised at any stage about the change of method, and if they had been, they would've torn up the cheque and asked for a payment to be sent directly to their account. They say this would've been cheaper than collection – because by the time the cheque proceeds were received, the exchange rate had moved against them. So – I looked closely at the communications between Barclays and Mrs K and Mr K here.

I looked at Barclays' internal operating instructions for where currency cheques are paid into a GBP current account. These say that a check should be made to see if a customer qualifies for a cheque to be negotiated. These also say: *"A sanction process determines if a cheque can be negotiated. If it can't be negotiated, the cheque will be sent for Collection. We don't advise your customer if the collection method has to be changed."* But here – I think this comment refers to the responsibility of the central processing unit. In other words, it was for the branch (or other department/area of the bank) to advise Mrs K and Mr K.

Barclays told us a credit check was done in this case and showed us the assessment made. This showed that the decision was taken to send the cheque for collection as it was over Barclays' internal guidance for negotiation. But I also noted the decision form also said *"Please collect...it is your responsibility to advise your customer..."* In other words, the credit team's process was for another area of Barclays to advise Mrs K and Mr K.

I then reviewed Barclays internal instructions ("Customer Eligibility for Foreign Cheques Negotiation or Deferred Credit"). This says that when a cheque is sent for collection, *"customers (should be) advised accordingly..."*

So – Barclays' processes say a customer should be advised if the method for collection or negotiation has changed. And - it seems to me to be reasonable that a customer should be advised about the method – especially given the large amount involved in this case.

We asked Barclays for evidence of any communications with Mrs K and Mr K, but they couldn't show us any letters, emails or recording of any calls. So on that basis, I'm persuaded there weren't any.

I then considered what happened when Mrs K and Mr K visited the branch. Barclays sent us a copy of the form completed at the branch and signed by Mrs K and Mr K on 10 October 2022. It says clearly *"currency to sterling negotiation"* – so Mrs K and Mr K asked for the cheque to be negotiated. We asked Barclays for any evidence of what was advised to Mrs K and Mr K in the branch, but a branch testimony couldn't be provided.

So – on balance I'm persuaded that nothing was said to Mrs K and Mr K about the cheque being sent for collection or (for example) that there was an approval process to go through before negotiation could take place. If there had been such a discussion, then (as Mrs K and Mr K have argued) a decision could've been made to have the funds sent to their account immediately by electronic means.

Therefore, because I could find no evidence of any communications with Mrs K and Mr K –

either in the branch or subsequently - I'm persuaded that Barclays should pay the difference between the amount that would've been received on 10 October 2022 (if the cheque had been negotiated) and the amount received by Mrs K and Mr K on 2 December 2022.

Responses to the provisional decision:

Barclays didn't respond. Mrs K and Mr K said that while they agreed, they still couldn't understand why Barclays couldn't tell them what the limit is for sending a cheque for collection versus negotiation.

I now need to make a final 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.

On Mrs K and Mr K's further point – I can't advise what the 'limit' is. It's an internal rule which is particular to Barclays' internal processes. And the information is therefore 'owned' by Barclays. As the provisional decision said, it really is for Barclays to have advised Mrs K and Mr K how the cheque will be handled (regardless of the amount) – and that's the crux of the decision regarding this complaint.

My final decision is therefore unchanged from the provisional decision.

My final decision

I uphold this complaint. Barclays Bank UK PLC must:

- Pay to Mrs K and Mr K the difference between the value of the cheque if it had been negotiated on 10 October 2022 and the value of collection received on 2 December 2022 - £10,911.23.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 6 September 2023.

Martin Lord
Ombudsman