

The complaint

Mr and Mrs D complain National Westminster Bank Plc (NatWest) didn't pay a cheque.

What happened

Mr and Mrs D gave a cheque to a tradesman, but NatWest didn't pay the cheque. The tradesman gave Mr and Mrs D the letter they got from their bank, and it says the cheque was returned as it was not signed in accordance with the mandate.

Mr and Mrs D received a letter from NatWest, to say the cheque hadn't been paid, and it said they should contact their branch for more information.

Mr and Mrs D visited the branch and were told there was no signature, for either of them, on file. Mr and Mrs D updated their signatures and made a direct payment to the tradesman.

Mr and Mrs D complained to NatWest and it said it had tried to call Mr and Mrs D to verify the cheque, but couldn't get through. Because the cheque couldn't be verified NatWest didn't pay the cheque, and this was the correct process.

NatWest then paid Mr and Mrs D £75. And responded again to say it had no answer for why their signatures weren't on file. NatWest acknowledged there was some reputational damage and paid Mr and Mrs D a further £100.

Unhappy with this response Mr and Mrs D brought their complaint to this service and an investigator looked into things but didn't think their complaint should be upheld.

The investigator said NatWest had deadlines to meet, which is why Mr and Mrs D had to verify the cheque on the day it was clearing. The investigator agreed NatWest should have had the signatures on file, so it had made a mistake.

The investigator said there was likely reputational damage, but this was mitigated by Mr and Mrs D making a direct payment soon after. The investigator thought the £175 already paid was enough to compensate for the mistake.

Mr and Mrs D didn't agree and said NatWest lied to the receiving bank by saying the signature wasn't recognised. Mr and Mrs D think NatWest is incompetent, deceitful and displayed gross misconduct.

Mr and Mrs D asked for an ombudsman to decide things.

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.

There's no dispute NatWest didn't hold Mr and Mrs D's signatures on file when the cheque

was presented. And NatWest accepts this an error on its part, it appears to have held the signatures at some point.

The cheque Mr and Mrs D wrote out was for a large amount, and not an amount they appear to regularly pay out from their account. I think it's reasonable NatWest wanted to verify the cheque.

NatWest says it called Mr and Mrs D and they've said there was a message left. NatWest needed an answer by 2pm the day the cheque was presented to it, but Mr and Mrs D weren't at home when NatWest called and couldn't verify the cheque by 2pm.

Like the investigator, I think it's reasonable NatWest needed an answer the same day, and whilst it's unfortunate Mr and Mrs D couldn't verify the cheque on the day, I don't think NatWest's done anything wrong on this point.

A large cheque had been presented, and NatWest couldn't verify the signature or speak to Mr and Mrs D. I think NatWest acted fairly in refusing to pay the cheque in the circumstances and at the time it was presented.

But I think NatWest should have had Mr and Mrs D's signatures on file. I think it's NatWest's error the signatures weren't there. But I can't say for certain even if the signatures were on file NatWest wouldn't have wanted to verify the cheque anyway, it was a large cheque.

Mr and Mrs D were able to pay the tradesman direct, and this was a couple of days after the cheque was returned unpaid. Whilst I think Mr and Mrs D will have been caused some distress by this, and reputational damage, I think this was short lived.

Mr and Mrs D have said the damage to their reputation isn't salvageable, so I'm unsure what NatWest could do to put things right. I don't think the damage is endless, the tradesman wasn't paid via cheque, but was paid very soon after by direct transfer.

Mr and Mrs D have asked for reasonable damages, but I can't punish NatWest for its mistake. I look at whether NatWest has made an error, and I think it has, and then consider what I think is fair compensation.

Overall, I think the £175 NatWest has already paid is fair in the circumstances.

Mr and Mrs D have also asked for an open letter from NatWest admitting its error. NatWest's final responses, and there have been three, don't explicitly say it's made an error, but the last letter does say it didn't have Mr and Mrs D's signature on file.

I don't think it's reasonable for NatWest to send an open letter admitting fault here, even though I think it has made a mistake. Mr and Mrs D can use both the investigator's assessment and my decision if they need to show NatWest made an error.

And I think the only person Mr and Mrs D should reasonably be proving NatWest made an error to is the tradesman, and they were paid very soon after the cheque wasn't paid.

Mr and Mrs D also think NatWest has lied to them and the bank clearing the cheque. I've seen the letter from the other bank, saying Mr and Mrs D's cheque hasn't cleared.

I can't comment on what the other bank says, Mr and Mrs D's complaint is against NatWest.

NatWest's letter, letting Mr and Mrs D know their cheque hadn't cleared, says it could be for

a variety of reasons, including issues with the cheque. Following this NatWest puts some options for this and an 'etc'.

I wouldn't expect NatWest to cover every eventuality in a letter like this, and the letter says if Mr and Mrs D want more information they can visit a branch. Mr and Mrs D visited a branch and were told the reason for the cheque not clearing.

I don't think NatWest has lied here. It's given some examples of what might have been the issue with the cheque and says a further explanation is available. I think this is all truthful.

I think NatWest made a mistake in not holding Mr and Mrs D's signatures on file, especially as it seems they were held at some point.

And I'm confident the main reason for not clearing the cheque was the lack of signatures.

This failure to clear the cheque has caused Mr and Mrs D some distress and inconvenience, and I think the £175 NatWest's already paid is enough to compensate for this.

My final decision

My final decision is I uphold this complaint, and I think the £175 National Westminster Bank Plc has already paid is enough to compensate Mr and Mrs D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 3 April 2024.

Chris Russ
Ombudsman