

The complaint

Mr M complains about AIB Group (UK) Plc's actions and communications when they returned a large cheque he'd received unpaid.

What happened

Mr M received a £23,000 cheque from a close family member and paid it into his account with AIB. However, AIB returned the cheque unpaid and the wording on the letter said:

'We are writing to advise that a cheque lodged to your account has been returned unpaid for the reason noted below – Unpaid reason: Suspect Fraudulent / Counterfeit'

Mr M found AIB's letter distressing and worrying. This is because he felt it questioned his integrity and accused him of committing fraudulent and counterfeit activity. Also, he thinks AIB should've first given him a call. Furthermore, Mr M was unable to arrange an alternative payment with the payer as, soon after the cheque went unpaid, his close family member sadly passed away.

Mr M complained to AIB. In their response AIB apologised and partly upheld his complaint. AIB said they:

- Failed to provide the level of service they strive to achieve in some areas.
- Used standard wording and didn't intend to suggest Mr M was doing anything wrong or acting fraudulently.
- Would review the wording of these letters.
- Followed their procedures and explained that if any of these cannot be completed, a cheque will be returned unpaid and both parties are written to.
- Would refund the £6.00 unpaid cheque received fee.

Mr M was dissatisfied with this response. He was at a loss to understand why AIB returned the cheque and hadn't given an explanation. So, he brought his complaint to our service requesting the £23,000 be lodged into his account.

Our investigator said that for confidentiality reasons he couldn't provide an explanation, but he was satisfied AIB were correct to return the cheque unpaid. He did though say AIB's level of customer service could've been better. And he asked AIB to pay Mr M £125 compensation.

Both Mr M and AIB disagreed with his decision. Mr M feels it is unfair for him not to know the reason and thinks the procedure is incorrect and / or needs to be reviewed. AIB don't think any compensation is warranted.

As both parties remain dissatisfied this complaint has been referred to me to look at.

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.

Having done so, I'm also partially upholding this complaint and I'll explain why.

Firstly, I'd like to express my condolences to Mr M for the sad loss of his close family member. Also, I'm very sorry to hear about the distress he has experienced in having the cheque returned unpaid and then not being able to receive an alternative payment.

I first considered AIB's decision not to pay the £23,000 cheque and, from reviewing the file, I'm also satisfied that AIB correctly followed their procedures which are designed to protect the payer's funds and account.

I recognise how frustrating it must be for Mr M not to receive the funds he was given in the form of a cheque and then not having the reason shared with him by either AIB or our service. And, due to the circumstances here, the payer, who AIB have a duty to protect both their funds and data, can't provide him with either an explanation or authorise another payment which could result in a financial loss for Mr M.

But I'm satisfied that AIB have applied their correct security procedure here and are complying with their regulatory and legal obligations. Also, these procedures apply to all customers.

I should point out that we're not the regulator for financial services and we can't tell a bank to change their policy, procedure or process. This includes how they stamp and communicate unpaid cheques.

Regarding AIB's unpaid cheque letter, although I'm satisfied AIB used correct and standard bank wording, I'm pleased to see that AIB will look at the wording and recognise their wording 'can seem to suggest wrongdoing by the customer' and cause worry about police involvement. As mentioned, I can't tell AIB to make modifications, but I think this will prevent the type of distress and worry Mr M describes.

I appreciate AIB feel they shouldn't have to pay compensation for following their standard procedures; however, as they recognise they need to look at their wording and have also said:

'I do feel there are some areas where we have failed to provide you with the level of service we strive to achieve'.

I think they should pay a small amount of compensation here in addition to their apology. Also, although I appreciate cheques are not guaranteed, I'm persuaded by Mr M's submission that AIB staff could've better managed his expectations.

So, having considered the above and all the information on file, whilst I recognise both parties will be disappointed with my decision and Mr M doesn't want to accept a small amount of compensation (and wants this to go to a charity), I agree with our investigator that this complaint should be partially upheld due to the level of service. And Mr M should be awarded £125.

My final decision

My final decision is that I'm partially upholding this complaint.

I require AIB Group (UK) Plc to pay Mr M £125 compensation.

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

Paul Douglas
Ombudsman