

The complaint

X complains that National Westminster Bank PLC (NatWest) unfairly retained £5 which was being paid into their account as it said it was counterfeit.

What happened

In July 2003, X's mother went into a mobile branch of NatWest with some cash to pay into X's account. The cashier said that one note was counterfeit and had to be retained. It was to be sent to the Bank of England for verification and if genuine would be credited to X's account. X's mother says that she asked the cashier to check the other three notes she had and she was informed that one of those was counterfeit although it wasn't retained by NatWest.

X's mother explained that she had obtained the notes from her bank. She went back to her bank who told her that *all* of her remaining notes were genuine.

X's mother complained to NatWest. It advised that although it could appreciate the frustration caused, its policy with notes it identified as counterfeit, was to send the note off to the Bank of England for checking. It had issued a receipt to X's mother and if it was genuine it would be credited to X's account.

On referral to the Financial Ombudsman Service our Investigator explained that NatWest had acted in accordance with its policy and had not made an error.

X's mother disagreed and pointed out that NatWest did not take back the other note which it said was counterfeit. Our Investigator asked NatWest about this. The cashier in question responded that they did not recall being asked to check other notes and if they had identified another counterfeit note this would have been retained.

The matter has been passed to me for an Ombudsman's consideration.

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 should first of all state that, as our Investigator has told X, they are the customer and the only one eligible to complain to the Financial Ombudsman Service. Even if I were to uphold the complaint I would not be able to award compensation to X's mother.

Where any evidence is unclear or contradictory, as some of it is in this case, my decision is based on what in my opinion is most likely to have happened.

NatWest identified that a note that X's mother had presented to pay into X's account appeared to be counterfeit. Whilst I appreciate that X's mother had obtained the notes from her bank, I can't say that NatWest acted unreasonably. Counterfeit notes don't necessarily have to be identified by machine or other device. And the Bank of England requires counterfeit notes to be taken out of circulation.

I know X believes that the note was genuine. They base this belief on the fact that X's mother took the other notes back to her bank, and confirmed they were genuine. However counterfeit notes are rare and it is quite possible for just one to be found. As the suspected counterfeit note is not available and has not apparently been returned by the Bank of England, I think it most likely that unfortunately it is counterfeit.

X wants an explanation as to why, if the cashier identified another note as counterfeit, they did not retain that one. The cashier in question does not recall being asked to check other notes. However I don't think that is relevant to the question of whether the retained note is counterfeit. And as I say, that note does not appear to have been verified.

So whilst appreciating the frustration and inconvenience caused, I can't say that NatWest has made an error in this case so I can't uphold the complaint.

My final decision

I don't uphold the complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 9 July 2024.

Ray Lawley
Ombudsman