

The complaint

Mr L complains National Westminster Bank Plc refused to pay a cheque.

What happened

Mr L wanted to give his nephew a wedding gift of some money and wrote him a cheque. NatWest didn't pay this cheque, saying it wasn't signed in accordance with the mandate.

Mr L complained and NatWest said the cheque wasn't signed how it normally would be. NatWest said it had tried to contact Mr L on the day the cheque was clearing but couldn't reach him.

NatWest said Mr L would need to send his nephew a new cheque and it said no charges had been applied because of the unpaid cheque.

Mr L brought his complaint to this service and an investigator looked into things. The investigator didn't think Mr L's complaint should be upheld on the point of paying the cheque, as they thought NatWest had fairly rejected it.

But the investigator thought NatWest hadn't been fair in only trying to contact Mr L by phone and not email. Mr L had previously said he shouldn't be contacted by phone, he lives overseas, and the time difference is large.

Mr L had also asked for a new cheque book and not been sent one. The investigator thought NatWest should pay Mr L £100 to compensate him.

NatWest accepted the investigator's assessment.

Mr L responded with a number of points. Mr L said he still didn't know why the cheque hadn't been paid. Mr L said previous requests had taken a long time to action, and he thought this was because of where he signed things, not the signature itself.

Mr L wanted to know how he could make payments going forward, and felt his account was effectively blocked because he couldn't use the money in it. Mr L wanted NatWest to stop blocking payments going forward.

Mr L also said he wasn't interested in compensation, he just wanted to be able to transact on his account. Mr L asked for an ombudsman to decide things.

My provisional decision

I issued a provisional decision, and in it I said:

I contacted Mr L about what happened, in an effort to mediate an outcome, but I don't think it's possible to mediate here. This isn't because of anything Mr L's done, but the limited options for cheques going forward.

Mr L asked for clarity on some points around the cheque he issued, and although I've answered some of those in my contact with him, it'll be helpful to lay them out in my provisional decision as well.

Mr L asked why the cheque wasn't honoured. NatWest has said it didn't honour the cheque because Mr L signed it in the bottom left of the cheque, not the bottom right.

A cheque is simply an order from Mr L to NatWest to make a payment. Cheques are laid out in a certain format, but this is only for convenience.

For the order to be valid Mr L should be telling NatWest who he wants to pay, how much, dating and signing the order. I think Mr L's done this.

The legislation underpinning cheque use is silent on the position of the signature. The signature should match what NatWest has on record for Mr L, but I don't think it matters where the signature is placed.

NatWest has shown me the records it holds of Mr L's signature. I'm satisfied Mr L's signature on the cheque matches NatWest's records. Mr L specifically wanted to know if his signature is on record with NatWest, I'm satisfied it is.

And NatWest has said the reason for the cheque being declined is unrelated to the validity of the signature itself, it matches, it's all to do with where it is on the cheque.

Mr L's explained he has physical limitations and this is why he signs where he does. Mr L says if he writes with his arm and wrist in the air it shakes to a point he can't write legibly. To help reduce the shaking, Mr L pushes his arm against a solid object.

When signing a small cheque, with an arm wedged against something, and the curve of a wrist, Mr L can't sign in the bottom right corner. Mr L says NatWest was on notice of this, and I think it was too. NatWest has paid previous cheques for Mr L.

Even if NatWest believes cheques should only be signed bottom right, it should be making reasonable adjustments for Mr L. Mr L's not able to sign where NatWest would like him to, and it seems a reasonable adjustment to allow the cheque to be signed elsewhere.

I think NatWest should have honoured Mr L's cheque. Mr L signed the cheque in accordance with the mandate, his signature matches what NatWest holds on record. This means I don't think it's acted fairly in declining to pay it.

NatWest is allowed to carry out further checks on payments it's asked to make. And these checks are more likely for larger value payments. I don't think NatWest has to allow every payment requested on Mr L's account through unchecked.

Fraud is prevalent, and I don't think it would be fair on Mr L or NatWest to not have checks in place. But I believe it's unfair to decline a payment from Mr L's account simply on the position of a valid signature.

I explored whether NatWest could provide a signature stamp, but these stamps can only be used to authorise payments in branch. I don't think a stamp would help Mr L.

NatWest's also confirmed it no longer provides larger cheque books on personal accounts or left-handed cheque books. It seems the only option, if Mr L wants to use cheques, is the same type of cheque he's always had, and hand signed.

Mr L lives overseas, and the time difference means contact with NatWest by phone, during UK working hours, isn't realistic. NatWest provides 24-hour telephone banking, this could be something Mr L could consider if he wants to make payments.

And internet or mobile banking is also available. I realise Mr L would prefer to continue to use cheques and written requests. Mr L's mentioned previous problems with written requests, other options are available.

Mr L asked whether NatWest perhaps contacted someone else matching his personal details. I don't believe this happened. NatWest's notes suggest it tried to call Mr L, and the correct Mr L, but couldn't get through.

Mr L's previously said contact by phone isn't possible. But Mr L also asked why NatWest didn't email him. I don't think emails, at times, are a secure way of ensuring a bank is speaking to its account holder.

I wouldn't expect NatWest to verify a cheque payment via email. But I don't think NatWest should have been trying to validate the cheque at all, I think NatWest should have paid it.

The cheque Mr L sent was for a wedding present. Mr L's said he isn't interested in compensation, but his nephew should be paid some. Mr L's nephew isn't a customer of NatWest in relation to this complaint.

I can't ask NatWest to pay Mr L's nephew any compensation for what happened.

But I do think Mr L's been caused inconvenience here. Mr L asked NatWest why his cheque hadn't been honoured, even suggesting it was the position of the signature, but NatWest didn't explain exactly why.

And I think NatWest unfairly declined to pay this cheque. To compensate for this, I think NatWest should pay Mr L £200.

Mr L also asked for a cheque book to be sent to him but is yet to receive it. I think NatWest needs to send Mr L a new cheque book.

Responses to my provisional decision

NatWest responded to my provisional decision to say it agreed to the higher compensation payment. NatWest also said it couldn't guarantee every cheque would be honoured as cheques go through an automated process.

Mr L responded to say he never raised the time difference, but instead his telephone access was previously removed due to an update process.

Mr L said he never told this service a previous request took too long, but NatWest had lost his signature during a previous matter.

Mr L specifically wanted to know if NatWest's cheque processing centre held his signature.

Mr L said it wasn't a preference to use cheques but a considered approach to head off problems arising from faulty data matching that's happened previously.

Mr L said NatWest can't have called the correct phone number as NatWest's previously been advised this number is invalid.

And Mr L said it's incorrect to say he's not interested in compensation, any payment of compensation will cause Mr L distress and could have tax implications.

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.

NatWest has said it can't guarantee cheques will always be honoured. I've haven't said NatWest has to clear every cheque, and I mentioned the risk of fraud.

What I said was NatWest shouldn't decline cheques issued by Mr L solely because of where his signature is. I understand NatWest can place notes on Mr L's profile, and I can see from the previous declined cheque there was manual intervention.

I understand Mr L's cheques are likely to be rejected by an automated process, the automated process will be looking for a signature on the bottom right of the cheque.

But looking at what NatWest did with the declined cheque, it attempted to call Mr L and there was a manual decision to decline the cheque. I'd expect future manual interventions to have notes available to explain the reasonable adjustment NatWest's made for Mr L.

And I'd then expect NatWest to honour the cheque if its only concern with the cheque is where the signature is placed. I'd still expect NatWest to carry out other fraud checks, so I accept there's no guarantee of payment.

Mr L's said the reason for not receiving calls is the removal of his telephone access and not the time difference. I can see NatWest still holds a phone number on file for Mr L, and I'm persuaded it called this number in an attempt to contact Mr L about the cheque.

Regardless of whether this is an active number or not, or the time difference, NatWest couldn't speak to Mr L about the cheque and whether he'd issued it.

Going forward I'd expect NatWest to look at any notes about cheques issued by Mr L rather than trying to contact him.

I've looked again at what Mr L said about a previous transfer request. I can see he said these transfers never happened, rather than taking too long. And Mr L said the reason for the transfers not happening was NatWest didn't hold his signature.

I'm satisfied NatWest currently holds a copy of Mr L's signature and this signature is visible to its cheque processing centre.

The cheque Mr L issued didn't go unpaid because the signature didn't match, it was because Mr L's signature was bottom left not bottom right of the cheque. I don't think NatWest needs to do anything more around this point, it holds Mr L's signature on file.

I suggested some alternatives to issuing cheques, and Mr L said he uses cheques in an effort to head off further problems with data mismatches.

I can't comment on something another organisation may or may not have done in the past. And I can't tell Mr L to use an alternative method of payment.

If Mr L wants to continue to issue cheques, then NatWest should honour them if they're signed according to the mandate it holds on file, regardless of where the signature is placed.

Mr L has said a payment of compensation would cause him distress and inconvenience. And Mr L has said I should be able to tell NatWest to pay compensation to his nephew, and mentioned a legal precedent backing this up.

This service isn't a court, and is set up under a set of rules laid down by the FCA, called DISP. Under these rules I can only ask NatWest to make a payment to an eligible complainant, and for the purposes of this specific complaint the only eligible complainant is Mr L, not his nephew.

So, I won't be asking NatWest to make a payment to Mr L's nephew. And, looking at what Mr L's said about the inconvenience a payment to him would cause, I won't now be asking NatWest to make any compensation payment to Mr L.

Mr L's said he'll attempt to make smaller test payments, and wants to know if his complaint will remain open once my decision's been issued.

My decision is this service's final word on Mr L's specific complaint, relating to NatWest's failure to pay Mr L's cheque to his nephew. This means Mr L's complaint will be closed, but if he experiences further issues with NatWest clearing cheques, he's free to complain to NatWest and, if unhappy with the outcome, possibly bring the complaint to this service.

My final decision

My final decision is I uphold this complaint and NatWest should:

- ensure further cheques and written requests from Mr L aren't declined solely on the position of his valid signature
- send Mr L a cheque book

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 September 2024.

Chris Russ
Ombudsman