

The complaint

Mr F is unhappy that Barclays Bank UK PLC returned a cheque unpaid which led to him missing out on his Individual Savings Account (ISA) allowance. He's also unhappy with the subsequent customer service he received.

For simplicity, I've referred to all evidence being received from, and submitted by, Mr F. I do that because it's Mr F's ISA allowance which was affected here and so he was the party most involved in the complaint.

What happened

Mr F wrote a cheque for £20,000 drawn on the joint Barclays current account he holds with Mrs F. This cheque was sent to a third-party financial business to fund his ISA for 2023/2024. Mr F's cheque wasn't presented to Barclays for payment until the beginning of April due to public holidays. Barclays wrote to Mr F on 4 April 2024 to tell him that it'd been unable to pay the cheque because it wasn't signed in accordance with the mandate it held. The end of the 2023/24 tax year had passed when Mr F received Barclays' letter, and so Mr F had lost his ISA allowance for that year. He complained to Barclays and asked for it to make good the loss of tax-free interest. In a further letter, Mr F complained about the customer service he'd subsequently received.

Barclays investigated Mr F's complaints and replied to both letters within one final response letter dated 8 May 2024. Barclays accepted that the customer service had been lacking and apologised, offering £100 in compensation. It didn't however accept that it'd made an error in returning Mr F's cheque unpaid and so wasn't prepared to cover the loss of interest. Mr F disagreed and referred his complaint to this service.

One of our investigators reviewed the complaint and sent Mr F their opinion on 7 August 2024. In short, they said that they didn't believe Barclays had made an error in returning Mr F's cheque unpaid and that Barclays offer of £100 was sufficient compensation for the inconvenience caused. Mr F disagreed with our investigator and asked that his complaint was looked at again by an ombudsman. So, it's been passed to me to decide

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.

During our investigation, Mr F has kept this service updated on his dealings with Barclays and the further difficulties he's encountered. But I can't address those further issues within this decision. I have to restrict myself to the points raised with Barclays on 13 April 2024 and 29 April 2024 which were responded to in Barclays letter of 8 May 2024. That's because the rules I'm bound by say that Barclays must have had the opportunity to address any issues itself and issue a final response before we can consider them. I must therefore leave it with Mr F to raise any subsequent issues with Barclays and, if he's then unhappy with its final answer, raise the complaint to us as a new referral.

As our investigator made clear, it's not our role to decide whether Barclays should or shouldn't have returned Mr F's cheque unpaid. That's a commercial decision which Barclays is entitled to take. But what I can do is to look at whether Barclays procedures allow for a cheque to be returned, and in what circumstances, and whether those procedures were applied fairly and reasonably in Mr F's case.

I've looked at the terms and conditions applicable to Mr F's account. In them, within the section called "When we don't have to follow your instructions", it says

We'll do all we can to carry out your instructions. However, we don't have to follow an instruction for any of these reasons:

- *We don't think it came from you (or someone authorised to give instructions for you).*

I don't think it's unreasonable that Barclays would want to be sure that a cheque for £20,000 had been drawn by the correct person. And to check that, it carried out a signature verification check. The decision reached was that there were differences in how the signature had been written. Rather than risk allowing a fraudulent transaction to clear, Barclays returned the cheque unpaid and told Mr F what it'd done. The term I've referred to above allows for that situation – Barclays thought the instruction may not have come from Mr F and so it declined the payment. I appreciate that this left Mr F in a very difficult position and one which has impacted him financially. But if I'm to hold Barclays liable for the impact, I have to be persuaded that Barclays did something wrong. And as I've explained, I don't think it did. That's because it received a cheque for payment, tried to verify the signature on the cheque, decided the signature may not have been Mr F's and so returned it pending clarification from Mr F that he had written the cheque. I consider that Barclays followed its terms and conditions and acted both fairly and reasonably.

Turning now to the customer service aspect, it's clear that Barclays subsequent interactions with Mr F weren't as good as they should've been. Mr F was given incorrect information and didn't have calls returned when they should've been. Barclays accepted its shortcomings and offered £100 compensation. This service doesn't fine or punish a business for getting things wrong. It compensates for the impact of a mistake. And in this case, although I accept Mr F was inconvenienced by the wrong information he was given and the chasing of phone calls he had to make, I think that the compensation offered by Barclays is reasonable and in line with the level of award I'd have made if an offer hadn't already been put forward.

Putting things right

As I've said above, I think the customer service experienced by Mr F is not as good as it should've been. Barclays has recognised this and offered Mr F £100 in compensation which Mr F rejected. I've considered very carefully what award I think is sufficient and, having done so, I believe that £100 is adequate to make up for the inconvenience caused to Mr F.

My final decision

Barclays Bank UK PLC has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that Barclays Bank UK PLC should pay £100 in compensation for the poor service received.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 5 November 2024.

Stephen Farmer
Ombudsman