

The complaint

Mr I complains that Barclays Bank UK Plc processed a cheque, intended for him, into an account that he says was fraudulently opened.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. A cheque payable to Mr I and valued at £12,400 was deposited in January 2023 at a Barclays branch by an unknown third party. Mr I says he's received no benefit from the cheque and the funds it represented. Mr I complained to Barclays and referred his complaint to our service.

One of our Investigators didn't think this was a complaint that fell within the jurisdiction of the Financial Ombudsman Service. Mr I disagreed and asked for an Ombudsman to make a decision. In August 2024 one of my Ombudsman colleagues issued a jurisdiction decision confirming that this was a complaint we could consider. The complaint was passed back to our Investigator to consider its merits.

Our Investigator didn't recommend the complaint should be upheld. In summary, she didn't think Barclays had treated Mr I unfairly and so didn't recommend that they needed to do more. Mr I disagrees and so the complaint has 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.

Having done so, I've reached the same outcome as our Investigator and for largely the same reasons. Mr I's strength of feeling about his complaint is clear, and I'm sure he will be disappointed by this outcome, so I'll explain why.

Firstly, I accept that a cheque intended for Mr I was intercepted and that he's seen no benefit from this. And so I can quite understand why he wants to do all he can to try to recover the funds. But it would only be fair and reasonable for me to direct Barclays to make a payment to him, if I think they are responsible for error(s) which caused the loss. That is but for an act or omission by Barclays, Mr I wouldn't have suffered the loss he has.

At the time relevant to this complaint, Barclays had a relationship with another payment institution which was authorised by the Financial Conduct Authority and which I'll refer to as 'C'. C doesn't have branches of their own and rely on Barclays to enable their customers to deposit cheques into their accounts. In order for customers of C to do so, they must order a giro book from C, and then present the cheque in a Barclays branch with the relevant giro slip which contains details for the pooled account that C holds with Barclays.

As our Investigator has already shared, C's website says:

“You can deposit cheques using only the bank giro forms provided by us. You will need to deposit these at any Barclays branch by using the completed form. Please refer to our terms and conditions for details of the cheque clearing rules. We do not accept cheques payable to a third party and endorsed in your favour.”

This supports what Barclays has told our service as to the nature of the relationship between them and C.

I’ve also seen evidence of both the cheque itself and the associated giro form. And there is nothing that appears unusual or suspicious. The name printed on both is Mr I’s. I’m satisfied Barclays acted in good faith when accepting the cheque. So I don’t think Barclays have acted unreasonably or unfairly in this regard.

Mr I complains about the possible negligence in the opening of the account which the cheque was paid into. I don’t agree with Mr I’s suggestion that Barclays should be held jointly liable for the actions of C. I don’t think Barclays having an arrangement to process cheques on C’s behalf can fairly and reasonably be said to make them responsible for the errors by C that Mr I has alleged. And nothing has been submitted by either side to support that Barclays are jointly liable on a contractual basis either.

Mr I says that Barclays were complicit in the theft and fraud that has taken place. He’s also questioned whether they’ve done all they should with regard to knowing their customer ‘C’ and has mentioned various regulations which include those relating to money laundering and the funding of terrorism. None of these points change my mind as to the outcome of this complaint. C’s own accountholders aren’t automatically customers of Barclays. The points Mr I has raised are in relation to C’s customer. Barclays are not responsible for the regulated activities carried out by C nor are they the regulator who need to oversee them, which would be the Financial Conduct Authority. In short, Barclays weren’t responsible for setting up the account with C in Mr I’s name (and the associated requirements to check the identity of the accountholder). Nor could they reasonably have known that the account with C wasn’t held by the genuine Mr I.

And so, despite my natural sympathy for Mr I and the difficult situation this leaves him in, as I don’t think Barclays acted in bad faith or have been negligent when collecting the cheque, I don’t think it would be fair and reasonable to expect them to pay any redress.

My final decision

For the reasons outlined above, my final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr I to accept or reject my decision before 21 April 2025.

Richard Annandale
Ombudsman