

## **The complaint**

A trust I shall refer to as E complains that Barclays Bank UK Plc have declined to refund them for funds they lost from a misappropriated cheque.

The complaint has been brought by the trustees of N, and they have appointed professional representatives. But for ease of reading through this decision I shall refer mostly to E.

## **What happened**

The background to this case is well known to both parties, and the facts are largely not in dispute. So, I will only mention it briefly here.

E is set up as a small self-administered scheme pension (SSAS), with Mr J as the beneficiary. In 2023 Mr J wanted to transfer the funds in the SSAS to a Self-Invested Personal Pension (SIPP).

A cheque of £1,013,750 was written, instructing Barclays to pay from E's account to the SIPP provider. Barclays had concerns about the signatures on the cheque, so returned it unpaid. E then wrote to Barclays to provide contact details to verify any cheque instructions. A second cheque of £1,048,929.64 was written and sent to the SIPP provider. But again Barclays returned it unpaid when they couldn't verify the instructions.

A trustee of E discussed the problems getting the cheque paid in branch with Barclays. They later discussed this with Barclays over the phone, and Barclays recorded that they should pay the last cheque without needing to call their customer.

In February 2024 a cheque for £1,048,929.64 was sent to the SIPP provider. When this was presented to Barclays, they paid the amount and debited E's account.

Several days later the trustees discovered that the SIPP provider hadn't received the funds. They raised this with Barclays, who in turn contacted the bank they had sent the funds to. On response from the receiving bank, it became clear that the cheque had been intercepted and fraudulently cashed by an unknown third party.

The receiving bank recovered £226,737.60 of the funds. E complained to Barclays, asking them to reimburse the remaining amount.

Barclays responded to say that they didn't see that they had made an error – they said that they had completed their own checks successfully, and the cheque had been signed in line with the mandate. They said the validity of the cheque had been confirmed with a trustee and it wasn't their responsibility to check the beneficiary account was genuine.

Dissatisfied with this E referred their complaint to our service. They argued that Barclays should have declined the third cheque, as the account details were different than those from the first two cheque presentments. They also felt if Barclays had called to verify the second cheque payment, then this would have cleared, and the fraud prevented. They also felt Barclays hadn't provided them with information on what happened.

One of our investigators looked into what happened, but didn't think Barclays needed to do anything further. She reasoned, in summary:

- The cheque had been signed in accordance with the mandate. The cheque appeared to be in its original condition and unaltered, so there was nothing that would reasonably give Barclays suspicions that the funds were being misappropriated.
- Barclays would not have been expected to check the name and details of the receiving account. She didn't think they would reasonably be expected to notice the sort code and account number were different from the first two presented cheques.
- She didn't feel that it was unreasonable for Barclays to have released the funds when presented with the third cheque.
- It wasn't unreasonable for Barclays to have declined to pay the second cheque, as she didn't think Barclays had had time to update the contact details at the point where the second cheque was attempted to be drawn.
- She thought Barclays acted appropriately in contacting the receiving bank when informed of the fraud and couldn't see they had caused any unreasonable delays.
- Barclays could have been more responsive to requests for information, but ultimately didn't feel this had an impact on E's losses.

This wasn't accepted by E. They felt Barclays hadn't done enough to verify the payment details before releasing the funds. They said our service should establish who required the payment to be made by cheque. They also questioned whether Barclays did enough to contact the receiving bank to report the misappropriated funds.

I understand E has subsequently entered into a settlement agreement with the receiving bank. But as no agreement could be reached in the complaint against Barclays, it 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.

The above description of the complaint is brief and gives an overview of the issues the complaint is about. No discourtesy is intended by this; it's merely intended to reflect the informal nature of our service as an alternative to the court system.

If I haven't mentioned a point that either party has submitted for consideration, this doesn't mean I haven't considered it or failed to take it on board. Rather it is that I don't see that I need to refer to this to reach a fair and reasonable outcome.

Having reviewed everything, I'm not persuaded that Barclays need to do anything further here. I appreciate this will be a disappointment to the trustees and beneficiaries of E, and they have lost a considerable sum of money. But I'm not persuaded that there were failures by Barclays, such that they should be responsible for refunding E's remaining losses.

It remains unclear how the cheque was intercepted, and by whom. But that question is beyond the role of our service. Likewise, the role of the receiving bank in this case is not something I can consider within this decision, although I appreciate E has come to a separate settlement to them. So, this decision concerns solely the role Barclays played in agreeing to pay the cheque, and the associated service.

### **Payment of the cheque from E's account**

There's no dispute that that cheque was correctly signed as per the mandate, and that there was an intention to pay this sum from E's account. I've reviewed a scan of the cheque, and there are no signs it's been altered or tampered with. So, I don't see that Barclays have done anything wrong by releasing the funds as requested by the receiving bank.

I'm not persuaded that Barclays ought to reasonably have noticed or queried that the intended sort code and account number were different from the first two cheques they were presented with. This wouldn't be a usual part of the cheque clearing process.

Likewise checking the name on the account wouldn't be something I'd expect Barclays to do during the clearing process – I would expect this to be done by the receiving bank, as they would have access to this information.

There is a system for Confirmation of Payee used when making electronic payments, such as CHAPS or Faster Payments. But this system isn't used during cheque clearance, so I don't see that Barclays failed to do something that would reasonably be expected of them.

#### Should Barclays have accepted the first two cheques?

I've considered the argument that had Barclays accepted either of the first two cheques that genuinely reached the SIPP provider, then the fraud would have been avoided.

Barclays have explained that they flagged both cheques for their value – which as they were both for over £1,000,000, I don't find unreasonable. Barclays had concerns about the signatures on the first cheque. Considering the value of the cheque I would think it sensible that they attempt to speak to the payer before clearing the cheque. And they would be liable for any unauthorised cheque payments, so I don't see that this was unreasonable.

By the time the second cheque was sent, E had written to Barclays with a list of updated phone numbers for the account. It says to add these onto the account, and "*in any circumstances you need to discuss the processing of a cheque please try every number*". The letter is dated 13 December 2023, but I note one of the signatures on it is dated 20 December. Barclays have confirmed that they received this on 27 December, which is the same day the cheque was presented for payment.

I would expect Barclays to deal with any request to update contact details promptly. But I also accept that actioning a letter is unlikely to be possible immediately. So, I'm not persuaded that Barclays ought reasonably to have updated E's contact numbers by the time the second cheque was presented, or when they called to verify the payment on 28 December.

Given the value of the cheque, and that Barclays had declined to process a cheque of a similar nature two weeks before, I don't see it as unreasonable that they wanted to verify this cheque was genuine. And when they couldn't, it isn't unreasonable that they declined to release the funds.

I appreciate that with hindsight the fraud could have been avoided if Barclays had allowed the clearance of either of these two cheques. But overall, I'm not persuaded that it was unreasonable for Barclays to decline to process them based on the information available to them at the time. And I don't see that that it could have reasonably been foreseen this would lead to any losses to E.

#### Could Barclays have done more to prevent E's losses?

After the first two cheques were rejected, E discussed the intended payment to the SIPP provider with Barclays. As Barclays' concerns seem to have focused on whether the payment instruction was genuine, these discussions would have mitigated this concern.

The intended recipient had publicly reported concerns about cheques being sent to them being intercepted. But this type of fraud is rare – I wouldn't necessarily expect Barclays to caution against sending cheques to this company.

E has requested our service establish where the requirement to pay by cheque came from – although I note that in their original complaint to Barclays they indicated that this was a requirement from the pension provider. The information held on Barclays system indicates that E's account has a "complex signing" mandate – which requires two signatures to make payments. So, it seems likely the requirement to pay by cheque comes from the way the parties have set up the account. I'm not persuaded that this is unusual, or that it would be reasonably foreseeable that this arrangement would lead to a cheque being intercepted.

I've also seen nothing persuasive that there were any suggestions of changing or altering the mandate to make this payment. Nor have I seen anything to show alternative payment methods, like CHAPS or Faster Payment were considered or requested by any party. So, I don't see that Barclays have done anything unreasonable by applying the agreed upon mandate.

#### Could Barclays have done more to recover the funds?

From records available to me Barclays became aware that the funds hadn't reached the intended recipient on 15 February 2024. They first contacted the receiving bank the same day to query where the funds were – which in the circumstances was appropriate, as it wasn't clear exactly what had happened to the funds at the time. I can see this was explained to the trustee when he was contacting Barclays.

It's not unreasonable for Barclays to wait a reasonable period for the receiving bank's investigation. I can see from the contact notes this was discussed with E at the time. Barclays raised a conversion claim, which in effect is asking for the funds back, on 5 March 2024, and the receiving bank recovered £226,737.60.

I appreciate that E has argued that the conversion claim should have been raised earlier. But I'm satisfied that Barclays queried the payment with the receiving bank in a reasonable time. Ultimately it's then up to the receiving bank how they proceed – they are the business who hold the funds at that point. Barclays can't force them to block or withhold funds from their customer's account. I don't see that Barclays actions were unreasonable.

#### Service provided by Barclays

I appreciate this has been a tremendously difficult experience for the trustees and beneficiaries of E. I fully understand their desire to know what happened.

I can see through the course of this complaint E's representatives have requested further information from Barclays – and these requests haven't always been responded to. Barclays aren't obliged to share all the information they have, and it's reasonable to decline to share information they would consider to be commercially sensitive. And a trust, such as E, doesn't have the same data access rights as a personal individual.

While I would encourage Barclays to share as much information as possible, I'm not persuaded their lack of responses has caused any inconvenience to the trust. As such, I don't see that they need to do anything further to make up for any delays.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 29 August 2025.

Thom Bennett  
**Ombudsman**