

## **The complaint**

A has complained that TSB Bank plc ("TSB") didn't credit its account for cheques that had been paid in via a Post Office.

## **What happened**

On 13 May 2024, Mrs G (a director of A) paid a number of cheques in at a Post Office to be credited into A's TSB account. The cheques were payments A had received from a number of its elderly clients.

The Post Office sent the cheques off to be processed on 15 May 2024, but TSB says it never received them. This resulted in the money not being paid into A's account.

Unhappy with this Mrs G complained to TSB. Mrs G then referred A's complaint to this service.

After Mrs G did that, TSB made an offer to pay A £250 for the inconvenience caused, plus an amount for the costs of Mrs G's phone calls. But Mrs G didn't accept the offer.

As the complaint remained unresolved, one of our investigators assessed the complaint. In summary she concluded that, as the Post Office was acting on behalf of TSB in processing the cheques, TSB could be held responsible for losing the cheques.

The investigator acknowledged that, in the event of a lost cheque(s), the payee would usually need to contact the person who issued the cheque to ask for payment to be made again. However, the investigator explained that Mrs G said it was extremely difficult for her to now recover the payments. Because of the exceptional nature of the issues that A faced in seeking to recover the money, the investigator recommended that TSB pay A the value of the lost cheques, plus 8% simple interest, less any tax.

TSB disagreed with this. It said that it had never received the cheques from the Post Office and so is not at fault. It also said that if it pays A the money for the lost cheques, it is essentially paying for the services A provided to its customers. TSB also questioned why it should pay compensatory interest in addition to the amounts of the missing cheques.

As the complaint remained unresolved, the matter was referred for an ombudsman's decision.

## **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 reviewed this complaint, I uphold this complaint for largely the same reasons that the investigator gave. I will explain why.

Looking at the information that TSB has provided, it seems that Mrs G had initially given TSB the wrong date as to when the cheques were paid in at the Post Office. And to add to the

confusion, Mrs G has provided this service with photos of paying-in receipts from other dates as well. For example, Mrs G has provided paying-in receipts from 7 May and 20 May 2024. Nevertheless, upon further review, it has been established by TSB that Mrs G had paid cheques in at a Post Office on 13 May 2024 – worth £1,135 in total - that were to be paid into A's business account. It was the cheques Mrs G paid in on that day that went missing.

TSB says that it never received the cheques and so has concluded that they were lost in transit from when they were sent from the Post Office. However, as the Post Office was clearly acting on behalf of TSB (in agreeing to accept A's cheque payments for A's TSB account), then I think it's fair that TSB can be held responsible for the actions of the Post Office in the circumstances of this particular complaint.

TSB says that when cheques go missing, it is up to the payee (in this case A) to request for the payment to be made again. However, Mrs G has said that it has been extremely difficult to do so in this situation. Mrs G has explained that the cheques have been issued as payment by elderly customers of A. Mrs G says that some of the customers have since passed away; some are in care homes; some have said that the money did leave their account; and some have said they're unsure how to check if the money had left their account or not. So, Mrs G can't be sure as to which customers had paid and which ones hadn't because their cheque went missing.

Generally speaking, I would agree with TSB and say that it is the payee's responsibility to ask for the payment to be made again, in the event that a cheque goes missing. Afterall, if a cheque remains unpaid, then the money will remain in the payer's account. And it's clear that Mrs G's failure to keep accurate records of who has paid A for the services provided (and how), has not exactly helped matters here either. But, having said that, it's clear that A has incurred a financial loss here through no fault of A or Mrs G. And, given the specific circumstances of this complaint, it's clear that there is now no reasonable prospect for A to recover that money from its customers. I say this given that Mrs G has explained that she is unable to check against her records to see who had paid in cash, who had paid by cheque, and out of all of the customers who had paid by cheque, which ones went missing.

So, for these reasons - in addition to the £250 offered by TSB for the inconvenience caused to A in trying to resolve this matter - on this particular occasion, I do think it's fair that TSB reimburse A for the proceeds of the missing cheques.

When TSB responded to the investigator's assessments, it asked why compensatory interest should also be awarded. But the money from the missing cheques should've been paid into A's account around a year ago. And A's clearly not had the benefit of that money in that time. And the reason for that is due to the cheques going missing after they'd been paid in at the Post Office, who as I have outlined above, was acting on behalf of TSB in accepting the cheques for payment. So, I think it's fair that 8% simple annual interest, less any deductible tax, is also paid to A on the total amount of the missing cheques.

As a final point, I understand that A regularly receives cheques from its customers. However, when considering this complaint, I noticed (here: <https://www.tsb.co.uk/business/help-and-support/how-to/deposit-a-cheque.html>) that TSB's Business Banking App does allow cheques to be paid in directly to a business account, by the customer taking a photo of the cheques. This is a service that Mrs G may want to consider using, if it's available, going forwards when paying A's cheques in.

### **Putting things right**

To put things right, I require TSB Bank plc to pay A:

- £250 for the inconvenience and impact the lost cheques has had on A;
- The value of the missing cheques – which I understand was a total of £1,135.
- 8% simple annual interest on the total amount of the missing cheques, less any deductible tax. This should be calculated from the date that the money from the missing cheques would've likely entered A's account - had things gone as they should've - until the date of settlement.

### **My final decision**

Because of the reasons given above, I uphold this complaint and require TSB Bank plc to do what I have outlined above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 3 June 2025.

Thomas White  
**Ombudsman**