

## **The complaint**

Mr T complains Lloyds Bank PLC mishandled a cheque he paid in. He says the mistakes it made with this and in responding to the situation, have caused him a loss.

## **What happened**

A summary of what happened is below.

Mr T paid in a cheque for his Portuguese state pension on 10 January 2025, into an account he held with Lloyds. He'd done this many times before. When the funds didn't credit his account, he visited the branch. A staff member said there was a mismatch with the name on the cheque and the name on the account, which the computer hadn't accepted, and he should obtain a replacement from the drawer.

The cheque was in the same format it had always been, so Mr T couldn't understand why there was a problem. He asked for it back, but Lloyds said it had been destroyed or would be, if it was a forgery. Lloyds suggested he wait for a letter, which enclosed a copy of the cheque and confirmed it hadn't been processed because of a name mismatch.

Mr T believed Lloyds had made a mistake – he spoke with an agent, who agreed the cheque shouldn't have been rejected and could be re-processed. However, the branch said this wasn't possible.

Mr T complained; he said he'd been dismissed by staff at the branch who had left him feeling humiliated and unwell in a busy banking hall, by the suggestion that the cheque might be a forgery. He didn't think it was reasonable to expect him to get a replacement, when the original had been deposited into the account.

Lloyds couldn't explain why other cheques had been accepted but not this one, but reiterated the reason on this occasion was a name mismatch. It didn't find any evidence of service failings by the branch, however, it did find its agent had made a mistake in leading Mr T to think the cheque could be re-processed. Lloyds apologised for this and paid £75.

Mr T contacted us. He said he wouldn't request another cheque, because the bank hadn't given him any evidence to show the original had been destroyed or was invalid. He was concerned asking for a new cheque without relevant proof would constitute cheque fraud and this had made him reluctant to deposit other cheques. To put things right, he wanted Lloyds to refund the value of the cheque, compensate him for his trouble and upset and pay a fine for how it had approached matters.

Lloyds took this opportunity to review Mr T's complaint and acknowledged it shouldn't have rejected the cheque, because it could see everything was in the correct name; there was a gap between names, which on a manual check should have allowed the cheque to go through. Lloyds said it was sorry and accepted it could have tried to resolve the complaint sooner, by giving Mr T better information. It offered to raise a case, to see if it could get the funds due under the cheque and offered another £300 for his distress and inconvenience.

An investigator put this to Mr T, but Mr T didn't think this was satisfactory.

Lloyds said it had raised a request for a payment decision on the cheque from the other bank. This was to get its customer's payment authority, however, despite efforts they'd not had any contact from the customer. The investigator submitted that unless contact was successful, the only alternative was for Mr T to request a replacement cheque. Another investigator taking over the case, didn't think this was unreasonable in the circumstances and considered the bank's offer to compensate Mr T with £375 for his aggravation was fair. But he thought it should also pay interest on the loss of the use of the funds from the date the cheque should have been paid to the date Mr T could get a replacement paid in. Lloyds agreed.

Mr T still didn't think his complaint had been fairly resolved. He said there wasn't any reason to contact the other bank and Lloyds needed to rectify this situation. Because not only had it refused the deposit, but it had taken the decision not to return the original cheque to him considering it a forgery. He stressed he couldn't obtain a replacement cheque without first surrendering the original and a copy was simply unsatisfactory. He explained that he had no idea what the status of the cheque or funds was, because Lloyds hadn't told him anything and the payment of interest should be from 10 January 2025 and yet to be fully determined until the situation had been properly resolved. He highlighted again the distress and inconvenience he'd suffered and said he'd be seeking professional fees in connection with this matter.

When an agreement couldn't be reached the matter was put forward for a 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.

I'm aware that I've summarised this complaint in less detail than Mr T has provided. I've thought about everything that he's said. But if there's something that I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on everything that Mr T has said to be able to reach what I think is a fair outcome. I'll focus on what I think are the key points.

Having considered everything, I think what Lloyds has agreed to do, is a fair way to resolve this complaint.

It's disappointing that Lloyds made a mistake with the cheque, and I can understand how upsetting this was for Mr T who hadn't had any problems before. But it is also the case that Lloyds has now recognised its error and said sorry. What remains is, what should Lloyds be fairly required to do, to put things right. Mr T raises concerns about what Lloyds did and didn't do with the cheque. He submits he cannot be expected to approach the drawer without the original. And it should pay him the value the cheque represents. But I don't think that's reasonable or necessary.

A cheque is a legally binding instrument, that instructs the drawer's bank to pay a specified sum on demand to the person named on the cheque (here Mr T). Therefore, until the cheque's been paid, it remains payable to Mr T. I've examined the documents and none of the evidence suggests payment has been made, rather because the details couldn't be validated, Lloyds said the cheque couldn't be accepted. Considering this, I don't think it was unreasonable for Lloyds to suggest to Mr T that he seek a replacement. Mr T said he wouldn't do that and mentions he could be accused of cheque fraud, but I find it difficult to believe that the Portuguese pension system has never had to deal with a payment that was

due but had gone wrong. I suspect they handle millions of payments and the chances of them not having a process to deal with this is slim. All things considered, there isn't a proper basis to require Lloyds to do more in relation to the cheque. I'll say more about this below.

Where there are failings in how a business has handled things, as there has been here, we often tell the business to pay compensation, to recognise the impact the mistakes have had. It's also worth Mr T bearing in mind that we're here to resolve complaints, and not to punish or fine businesses which includes its employees.

I understand that the situation arising, caused Mr T some initial upset (including what he says about how matters were handled at the branch) and I appreciate he'll be put to some inconvenience in getting another cheque (if he decides to) but that's why Lloyds has paid him £375. I think this is fair, especially when balancing it against the fact that Lloyds suggested this to Mr T at the outset back in January 2025 and he chose not to contact the pension department. I've also thought about the law. There is a legal principle that requires a wronged party to take reasonable steps to minimise their loss from growing following a mistake. And a failure to do this, could mean that the wronged party may not recover all their damages. I've considered Mr T's reasons for not contacting the Portuguese pension department with this principle in mind. However, I haven't found it compelling that he couldn't take reasonable steps to approach them many months ago (see above) and with a copy of the letter from Lloyds. I think if he had, he could have avoided a lot of the upset he's mentioned. Of course, Mr T is at liberty to choose not to take any such action but it becomes unlikely in such circumstances for him to recover the funds.

So, Mr T can decide whether to address that loss by contacting the pension department, but after weighing everything, I consider the apology and £375 (already paid) to be fair. I don't think it isn't necessary for any professional fees to be covered. The complaint points aren't particularly complex, and our service is free and straight forward to use. Furthermore, I don't believe any further analysis of the complaint is likely to result in a different outcome.

In closing, Lloyds has agreed to pay Mr T 8 per cent interest on the funds from the date the cheque should have been paid to the date he deposits a replacement cheque (if he lets them know with details). Considering some of my reasoning, I think Lloyds' agreement to do this is further than I would have gone but I'm not going to interfere with that now. For ease, we'll take the payment date of the cheque as 10 January 2025.

This ends our review of the complaint.

### **My final decision**

My final decision is Lloyds Bank PLC has made a fair offer to resolve the complaint. It has already paid Mr T £375 compensation for his distress and inconvenience. It has also agreed to pay him interest at 8 per cent from the date the cheque should have been paid (I deem this from 10 January 2025) to the date he deposits the replacement cheque. I direct Lloyds Bank PLC to pay the interest once it gets the relevant details from Mr T. I make no other award or direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 November 2025.

Sarita Taylor  
**Ombudsman**