

complaint

Mr G complains that Barclays Bank Plc was negligent in opening an account for a fraudster and allowing a stolen cheque to be paid into it.

background

A cheque payable to Mr G was intercepted in the post by a thief. An account was opened with Barclays by an individual using the same surname and initials as those shown on the cheque, with a very small initial cash deposit.

A couple of days later, the individual paid Mr G's cheque into the account and then drew the money out about a week after that.

Mr G became aware of the theft of the cheque and contacted Barclays to tell it what had happened. Barclays placed a block on the account and sent notice of immediate closure to the name and address it had for the account.

Mr G felt that Barclays should have been suspicious at the time the account was opened and then when the cheque was paid in, and asked Barclays to pay him the amount of the stolen cheque. Barclays did not agree and said that it had made no error – the name on the cheque matched the name on the account, and it had complied with regulatory requirements when opening the account.

As matters remained unresolved, Mr G brought his complaint to this service where it was investigated by an adjudicator. From the evidence, the adjudicator concluded that there were aspects of the account opening and cheque deposit that should have raised Barclays' suspicions. Whilst he was satisfied that Barclays had acted in good faith when accepting deposit of the cheque, he also considered that it had acted negligently. In view of that, the adjudicator recommended that the complaint should succeed.

Barclays did not agree with the adjudicator's conclusions. It said, in summary:

- It considers that the signatures on the ID card and account application form are a close match, with a difference of only one letter. The handwriting appears the same and it does not consider the signature would have raised suspicions.
- Barclays is not required to match the address on the ID card to the address provided for the account. Only one piece of identification is required under its account-opening procedures and so there is no need for proof of address.
- It is not unusual for a large cheque to be paid into an account within three days of opening, and for the money to then be quickly drawn out. So this would not have raised suspicions.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In a complaint of this type, the test is whether Barclays acted in good faith and without negligence. Whilst I appreciate that Barclays considers that it complied with money

laundering regulations and with its own internal account opening and cheque acceptance process, that is not necessarily the same thing.

Looking at the papers for the opening of the account, I see that Barclays accepted what purported to be a European ID card as the sole proof of identity. The signature on the purported ID card is very rudimentary – essentially, it is just a first name printed in capital letters. But it appears that the fraudster could not even manage to replicate that rudimentary signature when signing the application form – because he printed one of the letters in the wrong case.

I consider that the characteristics of the signature on the ID card, and the error made when trying to replicate it on the account opening form, were such that they should have caused Barclays to be suspicious of potential fraud. Yet no additional checks were made at that stage.

The opening of an account with a very small amount of cash, followed by the deposit of a large third party cheque, is also a pattern that is very common in cheque frauds of this type. Again, no additional checks were made by Barclays when the cheque was deposited and the thief was subsequently able quickly to withdraw the money in cash.

In all the circumstances, I agree with the adjudicator that Barclays was negligent and that it is therefore liable to Mr G for the value of the cheque. In keeping with our published approach to being kept out of money, I have adjusted my award to include interest so that Mr G is not left out of pocket.

my final decision

My final decision is that I uphold this complaint and I direct Barclays Bank Plc to pay Mr G:

- £5,194.23 (representing the value of the cheque); *and*
- simple interest on that amount, calculated at 8% a year, from the date the cheque was paid in to the date of settlement; *and*
- £200 for the additional upset and inconvenience caused to him.

Jane Hingston
ombudsman