

### **complaint**

Mr M issued a cheque drawn on a National Westminster Bank Plc account in the name of G, a registered charity. The payment was intended for deposit into a savings account with a third party provider, B. But National Westminster declined to pay the cheque. And by the time Mr M was able to issue a replacement, B had reduced its interest rate. Mr M wants National Westminster to reimburse the lost interest. He says he spoke at length with the bank and was assured the cheque would be paid. National Westminster says it acted in accordance with its process and made a commercial decision not to pay the cheque. It has offered £150 for the inconvenience Mr M experienced when trying to sort out matters.

### **our initial conclusions**

Our adjudicator thought National Westminster should reimburse the lost interest. She was satisfied Mr M had spoken with the bank to confirm the cheque was genuine, and that he'd been given the impression it would be paid. She felt that, had the bank explained the true situation – that the cheque would need to be represented or reissued – Mr M would have done so and avoided the interest loss. But National Westminster didn't agree. It maintained its view that it had acted correctly, and that it wasn't responsible for the lost interest.

### **my final decision**

To decide what's fair and reasonable in this complaint, I've considered everything Mr M – on G's behalf – and National Westminster have provided. Having done so, I've reached the same conclusion as the adjudicator. I've decided the fair way to resolve this complaint is for National Westminster to reimburse G's interest loss.

National Westminster has given different reasons for its decision not to pay the cheque. I've seen nothing to suggest the cheque was incorrectly drawn, such that the bank shouldn't have paid it. The bank could have done better in its attempts to contact its customer before returning the cheque unpaid<sup>1</sup>. And I think G could yet have avoided the loss if National Westminster had explained the situation correctly when it spoke with Mr M before B withdrew the interest rate. For example, Mr M could then have issued another cheque, or sent the money by other means.

**My final decision is that in settlement of this complaint, National Westminster Bank Plc should pay G £3,000 to cover G's interest loss<sup>2</sup> and inconvenience.**

**Under the rules of the Financial Ombudsman Service, I'm required to ask an authorised representative of G either to accept or reject my decision before 11 August 2014.**

*Niall Taylor*

*ombudsman at the Financial Ombudsman Service*

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

### **ombudsman notes**

<sup>1</sup> National Westminster says it was unable to contact its customer because it didn't hold a telephone number on file. As I've noted, however, G is a registered charity. It should have been fairly easy for the bank to establish the correct contact number if it felt it necessary to make further enquiries to validate the cheque.

<sup>2</sup> I've assessed the interest loss on a compound basis over two years. In doing so, I've taken into account the amount of the cheque and the interest differential between what B was offering and the rate G was able to obtain. This gives a total of £2904.20. If National Westminster considers it needs to deduct tax from this interest payment, it should provide G with the appropriate tax deduction certificate.

### **what is a final decision?**

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

### **what happens next?**

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.