

complaint

Mr and Mrs M complain that when Mrs M tried to deposit cheque(s) worth £6,504.35 at a branch of Lloyds Bank PLC (Lloyds), Lloyds subsequently lost it/them. Mr and Mrs M feel that Lloyds should offer to pay for half the value of the lost cheque(s). Mrs M is also unhappy that Lloyds didn't respond to a letter she wrote to them dated 12 November 2018.

background

When Mrs M went into a branch in April 2017 to deposit money. It was busy and so to reduce the queues a bank employee completed a slip for her and told her that they would process the cheque(s) she wanted to deposit.

Mrs M cannot recall whether she was paying in a single cheque or a number of them. She said she often makes deposits to the account in respect of rental property receipts and or from her husband's business. When Mrs M checked her bank statements sometime later, she noticed the cheque(s) had not been credited to the account and raised this with the manager in August 2018.

Mr and Mrs M were unable to obtain replacement cheques because they couldn't establish how many cheques they had paid in nor from where they had originated. As such they said they couldn't request replacement cheques.

Lloyds were unable to locate the cheque(s) or give an explanation as to what had happened to them. But they accepted they had failed to store, record and process the payments although they did not agree that they were liable to Mr and Mrs M for the value of the cheque(s), arguing that Mr and Mrs M would be able to obtain replacement cheque(s) from the payer(s). They offered to pay compensation of £300 and said they would pay 8% simple interest on the account balance from April 2017 to the date the Mr and Mrs M put the missing funds into the account.

Mr and Mrs M were unhappy with Lloyds's response and so an adjudicator from this service looked into the complaint but didn't think Lloyds had done anything wrong. Mr and Mrs M disagreed with that and so the matter has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My decisions are based on the available evidence and where evidence is incomplete, inconclusive or contradictory, I reach my decision on what I consider is more likely to have happened in light of that evidence and the wider circumstances.

I will not repeat our adjudicator's background summary since it is accurate and full. My own background summary has been necessarily brief to avoid repetition. So if I haven't mentioned something it is not that I've ignored it, rather that I think it's not relevant. This approach allows me to concentrate upon the determinative issues and avoiding becoming distracted by those which are peripheral.

It is accepted that Mrs M attempted to pay one or more cheques into her account. There is no dispute as to the total sum she attempted to pay in. It seems more likely than not that

there were multiple cheques, since if there had been only a single cheque for £6,504.45, I think it is probable that Mr and Mrs M would have remembered where it came from.

So I think Mrs M probably deposited a number of cheques. Quite clearly, those cheques represented money owed to her and Mr M by third parties. According to Mr and Mrs M it was either money from their solicitor, or in respect of rental properties or personal payments.

As the money has not been paid into their account then either it remains unpaid or it has been paid into another account. The latter is a scenario Mrs M has advanced but for that to be true it would require an element of fraud on the part of a bank employee. Whilst possible, in the absence of any evidence to support such a suggestion, in my view it is unlikely. Were there to have been a fraud committed by a bank employee it is more likely than not that the bank's fraud detection system would have picked it up.

So the more likely explanation is that the cheques are simply lost and remain unpaid. Theoretically it is a simple task to obtain replacements. But, I do understand the difficulty Mr and Mrs M state they now have, since they can't reconcile their accounts with the missing deposits.

The cheque(s) from their solicitor would be very easy to check since solicitors must maintain detailed reconciled accounts. I would have thought any personal cheques would be easy to check too, since the payer would be well known to Mr and Mrs M. I accept that recalling which tenant had provided a cheque might be more problematic, but in running a property rental business I am sure that Mr and Mrs M keep rent account statements and issue receipts for monies paid. It seems to me that it would be a relatively simple task to determine which rental payments were therefore due in or around the date Mrs M visited the branch to pay them in. Thereafter, it would be a straightforward exercise to ask each tenant to show payment from their account of the rent due at that time.

So, like our adjudicator, I don't think it's unreasonable of Lloyds to expect Mr and Mrs M to obtain replacement cheque(s) from the payers.

Regarding the service Mrs M received, Lloyds did provide their final response letter within time, which included the details of this service and Mrs M's rights to come to us. That was all they were required to do so I can't say they have acted unfairly by failing to respond to any subsequent letter.

So, in my view I'm not satisfied that Lloyds have treated Mr and Mrs M unfairly. Lloyds' offer to pay £300 and the lost interest is fair and reasonable and in my view reflects the poor service Mr and Mrs M received, and I don't require them to do anything more.

my final decision

Lloyds Bank PLC has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Lloyds Bank PLC should pay £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 22 June 2019.

Jonathan Willis
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