

complaint

Mr K complains that Lloyds Bank PLC did not honour a cheque he had written to pay his credit card bill.

background

Lloyds incorrectly issued Mr K a cheque book against an account which did not have either a cheque book or overdraft facility.

When Mr K wrote a cheque to pay his credit card bill, the bank's commercial department decided, without contacting him, to return the cheque unpaid. Mr K says there were other problems with cheques he had written using the same mis-printed book.

Lloyds admitted its mistake when Mr K complained. It offered to pay £200 compensation. The adjudicator considers this is fair and reasonable. Mr K disagrees. He believes the amount is inadequate and does not provide any incentive to the bank to improve service or offer customers proper reparation.

my findings

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

I do understand Mr K's frustration at the problems he had to deal with, which could have been avoided if the bank had recognised its error sooner.

Mr K wrote a cheque using the cheque book the bank had sent him. When the cheque was presented for payment, the bank recognised its mistake but decided not to pay the cheque. Lloyds says that Mr K did not have sufficient funds available in that account to cover the cheque. But it did not first contact Mr K to explain the problem it had identified concerning his use of the cheque book issued on this account. I find that, in this respect, the bank did not act fairly and reasonably, particularly as the cheque was payable to Mr K's credit card provider, so the consequences of late payment could have been significantly detrimental to Mr K.

When Mr K moved money from another account in order to pay his credit card bill, he ended up incurring an overdraft fee. The bank, however, has already removed this so Mr K will not have to pay it. And although his credit card repayment was made a few days late, the bank provided Mr K with a letter making clear that this was not his fault.

It was a surprise to Mr K to learn that the bank's commercial department had been involved in the matter. He says he did not know and would not have sanctioned its involvement in relation to personal accounts, but the bank has explained this is normal procedure. I am satisfied that this is a satisfactory response on this aspect of the matter. I do not find that it would have made any difference to what happened here, even if there had been liaison with the personal banking department, because the cheque was not drawn on a cheque account and there were not sufficient funds in the account to pay it.

I agree with the adjudicator that, in all the circumstances, the bank's offer is reasonable and fair. It reflects a payment for distress and inconvenience and a small contribution to Mr K's costs. The bank has apologised for mistakenly issuing a cheque book he should not have

had and could not use. It has waived the usual overdraft usage fee and interest he incurred. The bank assisted Mr K to ensure his credit record showed no adverse entry. I am satisfied that the compensation offered is in line with the general level of award we make in this sort of case. I am not a regulator and it is not my role to make awards that punish a bank.

my decision

For these reasons, my decision is that I do uphold this complaint, but only in part. I order Lloyds Bank PLC to pay £200 compensation to Mr K.

Susan Webb
ombudsman