

## **complaint**

Mrs G's complaint about Lloyds TSB Bank Plc is that two cheques it issued to her, in settlement of claims she had made about mis-sold payment protection insurance (PPI) policies, were cancelled after she had encashed them in a branch of a third party cheque cashing business. The cheque cashing business is now pursuing Mrs G for the value of the cheques, and Mrs G believes Lloyds TSB should settle the debt.

## **background**

Mrs G complained to Lloyds TSB that a series of PPI policies had been mis-sold to her with various loans over a period of time. Lloyds TSB agreed the policies had been mis-sold and offered to compensate Mrs G. It did so by sending her a separate cheque for each settlement amount. The cheques arrived in two batches; the first containing five cheques; the second several days later containing a further two cheques.

When Mrs G took the first batch of cheques to the cheque cashing business, it contacted the bank for security purposes, and was apparently told that not only were the five cheques genuine, but that more cheques would be issued shortly. The business paid out on the first batch of cheques, and then did the same on the second batch of cheques when Mrs G took them in a few days later. Lloyds TSB then cancelled the second batch of cheques, having apparently concluded that they had been issued in error. This left an unpaid debt with the cheque cashing service, which it has looked to Mrs G to pay.

Our adjudicator considered the circumstances in which the cheques were sent to Mrs G. He also considered the representations Lloyds TSB gave to the cheque cashing business. He concluded that it was reasonable for Mrs G to consider herself entitled to the proceeds of the disputed cheques. He was not satisfied that Lloyds TSB had adequately explained why, having issued the second group of cheques, it then decided to cancel them.

He wrote to the bank in May 2013 explaining why he considered Lloyds TSB should settle the complaint. Although the bank had offered Mrs G £150 compensation for distress and inconvenience, the adjudicator recommended it should instead honour the cancelled cheques, thus clearing the debt owed to the cheque cashing business.

Despite reminders, Lloyds TSB has not responded to the adjudicator. Overall fairness suggests that matters should not be allowed to "drift" indefinitely, particularly in view of the fact that Mrs G has severe mental health problems. So the matter has been referred to me to review and determine.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to largely the same conclusions as the adjudicator, and for much the same overall reasons.

The only further observation I would make is that, by its omission to respond to the adjudicator, Lloyds TSB has added unnecessarily to the amount of time it has taken to resolve the matter. I find it difficult to understand why a major financial institution should apparently ignore our correspondence in the way that Lloyds TSB has done in this case. It may be, of course, that it was because of a simple oversight. But, either way, this is likely to

have added to the distress and inconvenience caused to Mrs G. My award of compensation reflects this.

**my final decision**

My final decision is that I uphold this complaint in full, and in full and final settlement, direct Lloyds TSB Bank Plc to:

- pay to the cheque cashing business a sum equivalent to the outstanding debt created by the cumulative values of the cancelled cheques, plus any interest and/or charges the business has added to the debt; *and*
- pay Mrs G £200 compensation for distress and inconvenience.

I make no other order or award.

Jeff Parrington  
**ombudsman**