

complaint

Mr A complains that Lloyds Bank PLC wrongly refused to pay cheques deposited into his account by a third party. He says the cheques should have been covered by a cheque guarantee card. He would like to be compensated for the financial loss he says he has suffered.

background

Mr A operated a business account with Lloyds. Over the course of a week in 2009, 52 cheques were deposited into this account by a third party, each being for £240. However, these were then returned unpaid to the account of the person named on the cheques, as they had been reported as being fraudulent. Mr A says that as the cheques were drawn against a cheque guarantee card, and were each under the £250 card limit, Lloyds should honour them.

The adjudicator did not recommend that the complaint should be upheld. She noted that the terms of the cheque guarantee state that the bank will only promise payment where the total value of the underlying transaction does not exceed £250. She considered that the 52 separate payments were part of the same underlying transaction, and that the card guarantee did not apply.

Mr A does not agree, saying the individual cheques represented individual transactions and so the card limit should apply to each on a separate basis.

my findings

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

Mr A has said he was paid by 52 individual cheques for products supplied to a third party, and that each cheque should therefore have been treated as an individual transaction. Because it has been several years since these events took place, some evidence is no longer available.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I make my decision on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence and wider circumstances.

We do not have copies of invoices for the products supplied by Mr A. I must therefore look at the circumstances of the deposits to work out whether they were part of a large, single transaction or numerous, smaller ones. The cheques were all drawn on the same account and were deposited in the same week.

On the basis of this information, I consider it most likely that they were part of the same transaction. Mr A has not been able to provide the multiple invoices which would be necessary to safely conclude that the cheques were for different transactions. I therefore do not consider that the cheque guarantee card could have applied, as the total of the cheques was well in excess of the card limit. The cheques were deposited in three separate batches, but as each batch added up to more than £250, the card guarantee would not have applied to these, either.

Mr A has also queried Lloyds' decision to close his account. However, as this was not included in his original claim, he will need to bring it as a separate complaint to allow Lloyds to respond to it.

my final decision

My final decision is that I do not uphold this complaint.

Catherine Wolthuizen
ombudsman