

Check carefully to avoid the cheque fraudsters

WITH MORE people shopping online or using plastic cards, you could be forgiven for thinking that the days of the cheque are numbered. Though cheque use has decreased in recent years, there are still around 3.5 million cheque transactions taking place every day.

However, a recent survey by the Cheque and Credit Clearing Company showed that only 1% of consumers knew how long it took for a cheque to clear and for the money to be safely theirs.

When you pay in a cheque, you start receiving interest on the second working day, your bank will allow you to withdraw money on the fourth working day and by the end of the sixth working day, the money should be yours.

Last year, the Financial Ombudsman Service – the free service set up by law with the power to settle financial complaints – received around 800 complaints about cheques and bankers drafts. In one case, Mr Hollis, from Birmingham, was

sent a cheque for £4,000 for a car he was selling. The car was on sale for £500 so the buyer asked him to transfer the leftover money from the cheque back. Mr Hollis checked with his bank who confirmed when funds would be available, so he transferred £3,500. He discovered he had been duped when the cheque bounced. The bank refused to refund the money.

The ombudsman investigated and found that though Mr Hollis had a conversation with the bank, they did not confirm that the money had cleared and was safely his. Under the circumstances the ombudsman was unable to uphold the complaint.

Mr Ericson, from Glasgow, also contacted the ombudsman after he was caught by a similar scam when he sold his motorbike. He contacted his bank a few days after paying in the buyer's cheque and wanted to know if there was any danger of the cheque not being paid. Reassured by the bank's response, he transferred money back to the buyer –

only for the cheque to bounce. The ombudsman agreed that in these individual circumstances the bank had not picked up on Mr Ericson's concerns and should have explained more clearly that the cheque might be returned unpaid. The ombudsman told the bank to pay the money he had lost.

If you have a money-related problem, you should be able to sort things out direct with your bank, insurance company or finance business. But if things don't go smoothly and you're still unhappy, the Financial Ombudsman Service may be able to help.



■ To find out more visit:
www.financial-ombudsman.org.uk
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