

The complaint

Mr C's complaint, in summary, is that Barclays Bank UK PLC failed to honour his cheque and that caused him distress and inconvenience.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here.

Briefly, Mr C has a current account with Barclays. In August 2023 he issued a cheque to Barclaycard towards his outstanding balance on his account with them. The cheque was rejected by the bank on the basis that it wasn't signed in accordance with the signature mandate.

Barclays wrote to Mr C about this, but he was on holiday at the time. The bank also says it was later discovered that the address it wrote to isn't the current address and that Mr C hadn't kept the bank updated with his new address. It says it tried to call Mr C but that contact number was also out of date.

In any case, Mr C became aware of the problem after his return from holidays. The dues to Barclaycard were ultimately settled and the charges and interest amounting to about £74 that was levied due to non-payment were refunded.

Mr C complained to Barclays that it wrongly rejected the cheque. He insisted that the signature on the cheque was his. He also said that because of the bank's error, his reputation with Barclaycard was damaged and his credit limit was reduced by half.

The bank insisted it hadn't done anything wrong. However, it said that there was an administrative error when dealing with his complaint and offered £50 for the distress that may have caused to Mr C.

One of our investigators considered the complaint. During their investigation, the bank changed its position in favour of Mr C. It accepted that it may have made an error.

The bank said that it is more likely that due to a 'unique' mistake on its part, the signatures of Mr C and his wife may have been swapped at some point in the past on the mandate and that error came to light now. The bank accepted that the signature on the cheque was that of Mr C. It apologised for the error and offered to pay £200 for the distress and inconvenience this matter has caused.

Our investigator considered that it is a fair offer and recommended that Mr C accepts it. However, he didn't. He remains unhappy about what had happened. He said that he had been a loyal customer of the bank for over 50 years. Despite that, during the bank's investigation of this matter, he was made to feel by the bank as though he lied to them. He said that the bank should pay £1,000 for all the distress and inconvenience this matter has caused.

What I've decided – and why

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

Barclays has accepted that there was a mix up in the signatures on the mandate and that was most likely due to the bank's error. I agree. This mix up was the reason for the cheque being rejected and for all the problems that ensued.

So, what remains for me is to decide whether the bank's offer to put things right is fair and reasonable.

The bank's error meant that the payment to Barclaycard was missed, resulting in charges and late payment fees. In addition, a late payment information was added to Mr C's credit file. Further, Mr C says that because of this issue, his credit limit was reduced by half by Barclaycard.

I see that Barclays has now refunded the charges and late fees. It told us that it has also taken steps to remove the late payment information from Mr C's credit file. As I understand it, the signature mix-up has also been rectified now.

As regards the reduction of the credit limit, it is not clear whether Mr C would like the limit to be put back in the original position. But if he so desires and if the reduction was solely due to the bank's error, it should consider his request and restore the original limit if it is otherwise appropriate to do so.

The bank has offered £50 for an error when it dealt with Mr C's complaint. I consider it fair that it pays him that amount.

I will now turn to the level of compensation for the distress and inconvenience this matter has caused.

As I said, the problem arose due to bank's error. It is evident to see that this has caused considerable distress and inconvenience to Mr C. The bank then compounded the problem by inadequately investigating the issue when he first raised it with the bank. I acknowledge that the bank ultimately worked out what more likely happened, but I think that ought to have happened sooner. I can see that the bank's continued non-acceptance meanwhile that the signature wasn't Mr C's, caused further distress to him.

Mr C considers that the bank should pay him £1,000 towards it. I appreciate Mr C's strength of feeling about the bank's actions. On the other hand, what happened here was an inadvertent error. Further, the bank did take some steps immediately such as refunding fees and interest, and when its error came to light it did try to put the matter right quickly.

Taking all of the above into account I consider that a payment of £300 is fair and reasonable for the distress and inconvenience this matter has caused to Mr C. This will be in addition to the £50 the bank has already offered for a different error.

My final decision

My final decision is that I uphold the complaint. In addition to considering restoring the credit limit as I have explained above, Barclays Bank UK Plc should pay £350 to Mr C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 July 2024.

Raj Varadarajan
Ombudsman