

The complaint

Mrs S is unhappy that Bank of Scotland plc (“BOS”) didn’t process two cheques that she submitted, and with the service she received from BOS surrounding this.

What happened

Mrs S tried to pay £23,000 by cheque to make a large purchase, but BOS rejected the cheque and sent Mrs S a letter asking her to call them. Mrs S called BOS as requested, but the agent she spoke with didn’t know why the cheque had been rejected and suggested that Mrs S write a new cheque to try to make the payment. Mrs S wrote a second cheque as suggested by BOS’s agent, but BOS rejected the cheque once again.

Mrs S went into branch following the rejection of the second cheque, but the branch staff also couldn’t tell her why her cheques had been rejected. BOS’s staff also wouldn’t accept the ID she had on her at that time, meaning that she had to return to branch later, when she had another form of ID with her.

When Mrs S did return to BOS’s branch with ID that was acceptable to BOS’s staff, she was told that she wasn’t ever a signatory on the account in question. Mrs S wasn’t happy at being told this, given that she had held the account with BOS for several decades, and she wasn’t happy that BOS had rejected the cheques she’d written. So, she raised a complaint.

BOS responded to Mrs S and explained that the reason her cheques had been rejected was because the large amount that Mrs S was trying to pay had meant that the cheques had been flagged for additional security cheques, at which time it had been discovered that BOS didn’t hold a signature on file for Mrs S to verify the signature used on the cheques. Because of this, BOS didn’t feel that they’d done anything wrong by rejecting the cheques.

However, BOS acknowledged that Mrs S hadn’t received the standard of service from them that she reasonably should have received surrounding this matter, including that their telephony and branch staff should have done more to uncover why the cheques had been rejected for her. BOS apologised to Mrs S for this and paid £100 to her as compensation for any trouble or upset their poor service may have caused. Mrs S wasn’t satisfied with BOS’s response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they felt the response BOS had issued to Mrs S, including the apology and payment of £100 for the service issues Mrs S had experienced, already represented a fair outcome to what had happened. Mrs S didn’t agree with the view of this complaint put forwards by our investigator, so the matter was escalated to an ombudsman for a final decision.

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.

I issued a provisional decision on this complaint on 29 July 2024 as follows:

I don't feel that it was unreasonable for BOS to have rejected the cheques for the reason they've explained here – specifically, that they didn't hold a signature on file for Mrs S. But I do feel that BOS haven't fully grasped the level of their poor service surrounding this matter on Mrs S, and I don't feel that the £100 that they've paid to Mrs S provides fair compensation to her for what happened.

BOS have explained that high value cheques such as the ones Mrs S wrote here are often flagged for additional security cheques. This seems reasonable to me, given BOS's responsibility to protect their customers' money and the significant potential impact of a high value cheque being issued to a scammer unknowingly by an account holder.

It also doesn't seem unreasonable to me that BOS, having discovered that they didn't hold a signature on file for Mrs S – meaning that they were unable to verify Mrs S's signature on the cheques – would reject the cheques and seek to obtain a verified signature from Mrs S.

Mrs S has explained that she provided a copy of her signature to BOS when she opened the account with them, and she's unhappy that BOS no longer have that copy of her signature on her file. But Mrs S opened her account with BOS several decades ago, with the earliest surviving records of the already opened account being from 1985.

As such, even if BOS still had the copy of the signature that Mrs S had provided to them when she opened the account, I wouldn't expect BOS to accept a signature that was provided to them at least 39 years ago.

Instead, if BOS did still hold Mrs S's originally provided signature, I would expect BOS to disregard that signature on the basis of the significant number of years that have passed since its provision and to have rejected the cheques Mrs S wrote pending their being able to obtain an up-to-date signature from Mrs S.

This means that, regardless of whether BOS did or didn't hold the signature that Mrs S provided to them when she first opened the account, I feel that the same outcome should reasonably have occurred here – which is that BOS should have rejected the cheques pending the provision of an up-to-date signature from Mrs S.

However, while I don't feel that BOS acted unfairly by rejecting the cheques in question, I do feel that they missed several opportunities to resolve this matter for Mrs S, including before she was asked to write the second cheque which was also rejected by BOS.

The first opportunity which I feel that BOS missed was regarding the letter that they sent to Mrs S following their rejection of the first cheque. Specifically, I feel that this letter could have explained that BOS didn't hold a signature on file for Mrs S and could have given clear instructions of what Mrs S needed to do to update her signature so that the cheque could be paid, including the forms of ID acceptable to her local branch.

I would also have expected that BOS, having issued the letter to Mrs S which asked her to call and speak with their telephony staff, would have ensured that their telephony staff were aware that a verified signature was required from Mrs S. But when Mrs S called BOS, the staff member she spoke with wasn't aware of this and didn't investigate the matter in any detail. Instead, they suggested Mrs S write a replacement cheque, which was then rejected for the same reason as the initial cheque. And Mrs S has explained that this caused her embarrassment which reasonably shouldn't have occurred.

A further opportunity to resolve this matter for Mrs S was missed by BOS when Mrs S went into branch, and when BOS's branch staff couldn't explain to Mrs S why her cheques had been rejected. It appears that once again, BOS's staff didn't investigate the matter for Mrs S

in any detail and that adequate notes explaining what Mrs S needed to do weren't readily available to them. And this again caused Mrs S frustration and inconvenience.

Finally, when BOS's branch staff did finally look more thoroughly into the matter for Mrs S, they incorrectly told Mrs S that she had never been a signatory on the account, rather than correctly telling her that BOS didn't hold a copy of her signature. This was language which understandably concerned Mrs S, given that she'd held the account for several decades, and is unfortunately another example of poor service that Mrs S received from BOS surrounding this matter.

BOS have apologised to Mrs S for the poor service she received and paid £100 to her. But I don't feel that they've fully grasped the level of distress and inconvenience that the sequence of poor service as described above that Mrs S received here has had on Mrs S. Accordingly, I'll be provisionally upholding this complaint in Mrs S's favour on this basis, and provisionally instructing BOS to pay a further £100 to Mrs S, taking the total compensation amount to £200, which I feel more fairly recompenses Mrs S for the poor service she's received.

In arriving at this position, I've considered the impact of what happened on Mrs S, much of which could have been avoided had the early opportunities to correctly advise Mrs S about what was needed from her not been missed. And I've also considered the general framework this service uses when assessing compensation amounts, details of which are available on this services website.

To summarise: I don't feel that BOS acted unreasonably by rejecting the cheques. But I do feel that BOS should have explained to Mrs S that they needed her to provide a copy of her signature to them sooner that they did, and that Mrs S received poor service for which BOS should fairly pay her a further £100 compensation because of this.

Both Mrs S and BOS responded to my provisional decision and confirmed that they were happy to accept it. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mrs S's favour on the basis described above. And I therefore confirm that my final decision is that I do uphold this complaint on that basis accordingly.

Putting things right

BOS must pay a further £100 compensation to Mrs S.

My final decision

My final decision is that I uphold this complaint against Bank of Scotland plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 11 September 2024.

Paul Cooper
Ombudsman