



Bulletin No 1

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Clearance of cheques at ATMs

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Our Office deals with numerous complaints regarding losses incurred at ATMs. One of the problems we have identified concerns the following:

By various criminal means thieves manage to obtain a client's ATM card and PIN. The client is usually under the impression that his potential loss is only limited to the funds available in his/her account. This is in fact not the position. The thief is often able to deposit fraudulent cheques into the account. If the client's account had this facility, these cheques are immediately cleared on the account enabling the thief to withdraw large sums of money over a period of time even though the account would not have had any funds available. One bank went further and allowed the immediate clearance of cheque deposits made at ATMs.

The clients often allege that they were not aware of this facility on their accounts and were thus exposed to substantial risk without them being informed.

After all the relevant banks responded to our Office's submissions, we are now satisfied that we have established good banking practice in this regard to be as outlined below:

It is good banking practice for a bank not to allow the immediate clearance of cheques deposited into a client's account through a teller or ATM without having informed the client clearly that this facility exists on their account and the implications thereof.

Any complaint relating to the abovementioned scenario, reported to our Office, will be evaluated with due regard to this finding and any other relevant factors.

**Adv NJ Melville
Ombudsman**