



ARBUTHNOT LATHAM

Private Bankers

Since 1833

Cheque Clearing System Frequently asked questions

What is the new image-based cheque clearing system?

The new image-based cheque clearing system for UK sterling cheques allows digital images of cheques to be exchanged between banks and building societies, which makes the clearing process much quicker. This replaces the current process where paper cheques are physically returned to the bank or building society they are drawn on for payment.

Why is the cheque clearing system changing?

Cheques are still seen as an important part of banking payments, but the method of clearing cheques has not progressed in line with the technology used in today's banking world. The introduction of the new system will improve the efficiency and speed of the clearing process and help protect the future of cheques.

The changes being introduced are mandatory. All UK banks and building societies will gradually implement this new system during 2018.

Does this apply to all cheques?

Until the new image-based cheque clearing system is fully implemented by all UK banks and building societies, UK sterling cheques may be processed through either the current "2-4-6" process or the new image-based system, depending on the bank a cheque is deposited with, and the method of the deposit.

Once all UK banks and building societies have implemented the changes by the end of the year, all UK sterling cheques deposited or drawn to your account will use the quicker, image-based clearing system only.

What does this change mean for me?

Cheques will be cleared by the end of the next business day, which is quicker than the current "2-4-6" clearing process.

Will I still be able to write and deposit cheques?

Yes, you can continue to write cheques as you do today and continue to deposit cheques in all the standard ways, such as by posting them to us accompanied by a deposit slip or depositing them at a Lloyds Bank branch using your paying-in book.

Will the new system process cheques in foreign currencies?

No, the new clearing system applies to UK sterling cheques paid into a UK bank or building society account only.

Will I still be able to use my existing chequebook?

Yes, you will still be able to use your existing chequebook.

Can I use a scanner or mobile phone to send images of cheques to the bank for processing?

No, unfortunately this option is not available, however we will keep you informed of any developments in this area.

Will I still be able to stop a cheque under the new image-based clearing system?

Yes, you will still be able to stop a cheque however you will have less time to do so. It will only be possible to stop a cheque up to the point that it is presented for payment. For example, if the recipient pays the cheque in to their bank on Tuesday, the latest that you will be able to stop the cheque is that day.

Additionally, as physical cheques will no longer be exchanged between banks, we will not be able to return the physical copy to you. Instead, you will receive an image of the cheque.

Can cheques still be returned as unpaid under the new image-based clearing system?

Yes, they can. If a cheque you have deposited is going to be returned unpaid, this will happen up until the end of the next business day and we will tell you about it.

Will the cost of writing or depositing cheques change because of the new image-based clearing system?

We do not have plans to change our Charges Schedule as a result of the introduction of the new image-based clearing system, however as per our Banking Terms and Conditions we reserve the right to review our fees and charges from time to time.

Will the new image-based clearing system enable cheques to clear on a weekend?

No, cheques are only cleared on weekdays.

Are there circumstances in which cheques will not clear by the end of the next business day?

Yes, there may be some exceptions where it may take longer for a cheque to clear, for example (but not limited to), a cheque is paid in at a remote Lloyds branch.

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February 2018