

Cheque clearance

Some bank customers don't realise that when they deposit a cheque, it can take up to three working days to clear, and even longer for overseas cheques.

If you deposit a cheque into your account, it's important to check with your bank that the money has cleared before you consider it yours.

What happens when I deposit a cheque?

When you deposit a cheque that has been issued in New Zealand, your bank will credit the amount of the cheque to your account. This doesn't mean the money is immediately available for you to use though, so you won't be able to withdraw it or transfer it to another account straight away.

On the same day that you deposit your cheque, your bank will send details of the cheque electronically to the bank that issued it (the paying bank). The paying bank then has to decide by the end of the next working day whether it will pay or dishonour the cheque.

If the cheque is honoured, you will be able to access the funds by the end of the next working day. The paying bank can't reverse or dishonour the payment after this time.

If the paying bank dishonours the cheque, however, the amount that has been credited to your account will be reversed. This is why it is so important not to consider the funds as yours until they have been cleared. The paying bank will dishonour the cheque if, for example, it is stolen or there is not enough money in its customer's account to pay the cheque.

The clearance process for overseas cheques is different and takes longer than three working days.

How to contact us

What if I need the funds more quickly?

When you deposit a cheque, you can ask for the cheque to be cleared more quickly than the standard three working days. This is known as a “special answer”. If the paying bank gives the special answer, the funds are cleared and it cannot change its mind.

The downside to a special answer is the cost. This varies between banks, but typically costs between \$12 to \$25 plus any additional expenses (such as courier costs). Some banks charge more for a same-day special answer than for an overnight special answer.

If you ask, your bank has to give you information about how you can get a special answer and its fees and charges.

Case study

Mr P sold his car privately to someone he didn't know. The buyer deposited a cheque into Mr P's account and took the deposit receipt to Mr P as proof he had paid for the car. Mr P, thinking the buyer had legitimately paid for the car, let him drive it away.

What Mr P didn't know was that the cheque was stolen. The bank dishonoured the cheque the next day and the money that had been credited to Mr P's account was reversed. Mr P couldn't track down the man who had taken his car, so Mr P was left without either his car or payment for it.

Mr P complained to us that his bank shouldn't have accepted the cheque, but we did not uphold his complaint. Mr P could have avoided this situation if he had contacted his bank to find out whether the check had cleared before he handed over the car.

How to contact us

Freephone 0800 805 950 Email help@bankomb.org.nz
Web www.bankomb.org.nz Facebook www.facebook.com/bankombnz

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