

24th November 2009

Sir,

Abolition of cheques

A cheque is not just a method of payment but also an important means of providing a payee with a measure of security for the payment. If a cheque is dishonoured when presented for payment, the payee can sue on the cheque for the money due on it, and cannot be met with a defence disputing the original debt for which the cheque was given. Once a cheque has been handed over, therefore, a payer will find it much more difficult to escape from liability.

As a method of payment the cheque may be outdated and inconvenient. But it should not be abolished until its useful function as a security can be achieved by some generally accepted alternative.

Yours faithfully,

Nicholas Bohm