

High Street revolution cashes in on the cheque

By NEIL BROMWICH

CHANGING cheques for cash on the spot was once a risky business rife with fraud.

But trade is booming for High Street cheque encashment centres that deal with the growing number of people who manage without bank accounts.

The centres can help, at a price, when a customer wants to cash a company cheque quickly. They aim to cut the usual clearing period — anything from four to 14 days — and give customers their money on demand.

Last year cheques worth more than £170 million were cleared over the counters of the two leading companies, Cash Centres and N & N Cheque Exchanges.

Each has more than 200 branches and more are being opened. N & N, based in Dewsbury, West Yorkshire, counts a peer of the realm among its occasional customers.

Edward Noad, chief executive of N & N, says: 'Typical examples of customers include workers paid weekly by cheque on a Thursday or Friday. They often have bank accounts but need cash for the weekend and cannot wait until the following week for the cheque to clear.'

'Other frequent customers are those



Trade is booming for Edward Noad



Identity is checked, says Richard Perry

who do not have bank accounts but receive cheques from time to time, often by way of refunds from catalogue companies. They need a way to redeem the cheques.'

But High Street cheque encashment centres are expensive. Customers are charged between 5% and 10% of the value of cheques, plus handling charges of £2 or £3. So a customer with a cheque for £250 would be unlikely to walk away with more than £235.

Encashment centres can be found in many High Streets, often in jewellers, pharmacists and pawnbrokers.

It is a step forward from the days

before the Cheques Act of 1992 when cheques were often cashed through garages and pubs, and fraud by customers was widespread.

N & N and Cash Centres try to beat the fraudsters by refusing to cash personal cheques and demanding proof of entitlement for company cheques.

For example, if a customer arrives with a wages cheque from a company, a pay slip must be produced. With a cheque from an insurance company, the client would have to show a letter stating why it is being paid.

The company will be researched before cash is handed over to ensure that it is solvent and has not reported cheques stolen.

All this means the encashment process can take some time. A first-time customer may have to wait 30 minutes while the encashment centre's head office processes the transaction, though regular customers presenting cheques from the same sources on each visit will have faster service.

Richard Perry from Cash Centres in Chester says: 'We make rigorous efforts to verify the identity and address of the customer before any cheque is cashed.'

'Photographs of every customer are taken and a computer-produced ID card is issued for future use of the service.'

Many transactions are also recorded and stored on closed-circuit television.