

Cheques Act 1957

Chapter 36

1 Protection to bankers paying unindorsed or irregularly indorsed cheques, etc

- (1) Where a banker in good faith and in the ordinary course of business pays a cheque drawn on him which is not indorsed or is irregularly indorsed, he does not, in doing so, incur any liability by reason only of the absence of, or irregularity in, indorsement and he is deemed to have paid it in due course.
- (2) Where a banker in good faith and in the ordinary course of business pays any such instrument as the following, namely—
 - (a) a document issued by a customer of his which, though not a bill of exchange, is intended to enable a person to obtain payment from him of the sum mentioned in the document;
 - (b) a draft payable on demand drawn by him upon himself, whether payable at the head office or some other office of his bank,

he does not, in doing so, incur any liability by reason only of the absence of, or irregularity in, indorsement, and the payment discharges the instrument.

2 Rights of bankers collecting cheques not indorsed by holders

A banker who gives value for, or has a lien on, a cheque payable to order which the holder delivers to him for collection without indorsing it, has such (if any) rights as he would have had if, upon delivery, the holder had indorsed it in blank.

3 Unindorsed cheques as evidence of payment

- (1) An unindorsed cheque which appears to have been paid by the banker on whom it is drawn is evidence of the receipt by the payee of the sum payable by the cheque.
- (2) For the purposes of subsection (1) above, a copy of a cheque to which that subsection applies is evidence of the cheque if—
 - (a) the copy is made by the banker in whose possession the cheque is after presentment; and
 - (b) it is certified by him to be a true copy of the original.

4 Protection of bankers collecting payment of cheques, etc

- (1) Where a banker, in good faith and without negligence—
 - (a) receives payment for a customer of an instrument to which this section applies;
 - or

- (b) having credited a customer's account with the amount of such an instrument, receives payment thereof for himself,

and the customer has no title, or a defective title, to the instrument, the banker does not incur any liability to the true owner of the instrument by reason only of having received payment thereof.

- (2) This section applies to the following instruments, namely—
 - (a) cheques (including cheques which under section 81A(1) of the Bills of Exchange Act 1882 or otherwise are not transferable);
 - (b) any document issued by a customer of a banker which, though not a bill of exchange, is intended to enable a person to obtain payment from that banker of the sum mentioned in the document;
 - (d) any draft payable on demand drawn by a banker upon himself, whether payable at the head office or some other office of his bank.
- (3) A banker is not to be treated for the purposes of this section as having been negligent by reason only of his failure to concern himself with absence of, or irregularity in, indorsement of an instrument.

5 Application of certain provisions of Bills of Exchange Act 1882 to instruments not being bills of exchange

The provisions of the Bills of Exchange Act 1882 relating to crossed cheques shall, so far as applicable, have effect in relation to instruments (other than cheques) to which the last foregoing section applies as they have effect in relation to cheques.

6 Construction, saving and repeal

- (1) This Act shall be construed as one with the Bills of Exchange Act 1882.
- (2) The foregoing provisions of this Act do not make negotiable any instrument which, apart from them, is not negotiable.

8 Short title and commencement

- (1) This Act may be cited as the Cheques Act 1957.