

ACCEPTANCES DOMICILED AT A BANK—RIGHTS AND DUTY OF THE BANK.

*Question 2.*—Is a bank compelled to pay its customer's acceptances domiciled with it if there are funds, or is it merely authorized?

*Answer.*—Unless it has assumed some duty or obligation in the matter, a bank is not bound to pay its customer's acceptances even where it has funds, but it has authority to do so and charge them to his account. It has been alleged that in the Province of Quebec special authority is necessary, but we are not clear as to whether this is the case or not. It certainly is not throughout the rest of Canada.

ACCEPTANCES DOMICILED AT THE ACCEPTOR'S BANKS—RIGHTS AND DUTY OF THE BANKER.

*Question 3.*—A. deposits with a bank a sum of money in open account, upon which he from time to time issues cheques. At length, however, he accepts a draft, making it payable at the bank where his funds are. When the bill falls due and is presented at the bank for payment, is the bank bound to pay for it, the acceptor's account being in funds but no authority having been given the bank to charge acceptances to his account?

*Answer.*—In *Bank of England v. Vagliano*, the judgment of Macnaghten, L.J., contains the following statement of the law in the matter:

“The relation of banker and customer does not of itself, and apart from other circumstances, impose upon a banker the duty of paying his customer's acceptances.

“If authority is wanted for this proposition it will be found in *Roberts v. Tucker*, where it was said by the court that ‘if bankers wish to avoid the responsibility of deciding on the genuineness of endorsements, they may require their customers to domicile their bills at their own offices, and to honour them by giving a cheque upon the banker.’ That implies that bankers may refuse to pay their customer's acceptances, and that such refusal is not inconsistent with the relation of banker and customer, or a breach of the banker's duty to his customer.”