

The complaint

Mrs P and Mr P have complained that between 2009 and 2017, Santander UK Plc (Santander) mis-sold them several packaged bank accounts (PBAs).

Mrs P and Mr P paid monthly fees for the accounts and received several potential benefits in return. They think that Santander should refund them all the fees they paid, plus interest.

What happened

Mrs P and Mr P have been customers of Santander for quite a long time. Santander has sent us a summary of their account history, which it says is as follows:

- in 2001, they opened a fee-free account, known as an *Everyday* account,
- in 2007, they switched to a different type of fee-free account called a *Preferred-in-Credit* account,
- in 2009, it sold them a PBA called a *Reward* account, for which it charged them a monthly fee,
- in 2012, it sold them a second PBA, called a *123* account which replaced their *Reward* account and also had a monthly fee,
- in 2017, it sold them a third PBA, called a *Choice* account which replaced their *123* account and again had a monthly fee.

I believe that Santander's records about this are probably reliable and I have taken this account history to be accurate.

One of our adjudicators has already looked into the complaint and didn't recommend that Santander should give Mrs P and Mr P any money back. Mrs P and Mr P didn't agree with the adjudicator's findings and asked for an ombudsman to review their case. So, it has come to me to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about packaged bank accounts on our website, and I've used this approach to help me to decide what to do about this case. I've looked into everything that Mrs P and Mr P and Santander have told us or sent us about the complaint, and I've decided not to uphold it. I'll explain why.

Mrs P and Mr P have raised some similar areas of concern about each of their PBAs. For example, they have told us that they believe Santander only sold them the accounts to generate an "*income stream*" for itself; that it didn't tell them about the accounts clearly so

they “*never made use of the benefits as (they) never knew what (they were) paying for*”; and that it didn’t show them a “*duty of care*”. They have also described the benefits as “*rubbish*”.

Despite this similarity, as each sale was separated by several years, to make sure I don’t miss anything, I will consider each as a different event. However, before doing so, I would like to make a few general comments which apply to all the accounts.

Mrs P and Mr P have told us that Santander sold them the accounts over the phone. There only seems to be a recording of one phone conversation, which was about the Choice account, but I am happy to accept that Santander sold the other two accounts in the same way.

I also fully accept that one of Santander’s interests may well have been to generate income for itself. As a commercial business, it was entitled to do this. This didn’t mean it was guilty of mis-selling, and I would also expect it to care for its customers by treating them fairly.

To do things fairly, along with other banks, Santander was allowed to sell PBAs in two ways. It could do so without giving personal advice on an *information-only* (or *non-advised*) basis; or as an *advised* (or *recommended*) sale. In both situations, as well as giving Mrs P and Mr P a choice, I would have expected Santander to tell them about the account’s costs and benefits clearly; and in an advised sale I would also have expected it to check that the account it was selling was appropriate for their circumstances.

Santander usually sold PBAs on an information-only basis and I haven’t seen anything to make me think it changed its usual practices for Mrs P and Mr P. So, I have considered their complaint as a sequence of non-advised sales.

For each account, if there isn’t enough information for me to be certain what happened, I will consider all the evidence that is available to work out what is most likely to have occurred.

The Reward account (2009)

In 2009, the benefits of the Reward account included travel insurance, use of a car breakdown service cover and protection against the impact of identity theft or stolen keys. Santander has told us about transactions on Mrs P and Mr P’s account related to motoring and travel, and I understand that later on they also registered for some of the protection benefits. So, it seems to me that at the time they may have found some of benefits of the account attractive, and Santander must have told them about the protection benefit either in a discussion or through paperwork about the account. And I haven’t seen anything to make me think they would have been caught out by any of the exclusions in the insurance cover.

Mrs P and Mr P also seem to have known about the monthly fees and I think it’s highly likely that Santander told them about costs and the benefits at the same time. After all, it was trying to sell them the account and it was in its own best interest to tell them what they could gain in return for the fees.

By 2009, Mrs P and Mr P had held fee-free accounts for several years and I don’t think Santander did anything to deny them the choice to keep a fee-free account.

Mrs P and Mr P have also told us that they had alternative car breakdown cover, but as I don’t think Santander gave them personal advice, this possible duplication was something for them to consider for themselves.

I don’t think Santander mis-sold the Reward account to Mrs P and Mr P.

The 123 account (2012)

This account provided significantly different benefits from the Reward account. It did not provide any insurance or a car breakdown service, but, subject to certain conditions, it gave customers the opportunity to earn interest and also to receive a refund, called “*cashback*” by paying some household bills from the account.

Again, I have not seen anything to show me that when Santander sold this account to Mrs P and Mr P it denied them a choice to either keep their Reward account (although it later withdrew these accounts) or to switch to a fee-free account if they wanted to. Similarly, I think it's highly likely that Santander told Mrs P and Mr P about the monthly fees.

With accounts like this, depending on a customers' income and spending patterns, they could sometimes save more in interest and cashback than they paid in fees. This seems to have been the case for the first year Mrs P and Mr P held the account, when Santander has told us that it paid them nearly three times more in benefits than it charged them in fees. So, it seems highly likely to me that Santander told them how the account worked so they could use its benefits. And although in later years Mrs P and Mr P's charges on the account seem to have exceeded their gains from it, by that time their circumstances had changed and I don't think they lost out due to anything Santander did, or didn't do, when it sold them the account. I don't think there was mis-selling.

The Choice account (2017)

This account was different again. Its main benefit was that customers who overdraw their balance could pay less in interest and charges than customers with other types of Santander account, including the 123 account.

As mentioned earlier, there is a recording of the phone call which led to Mrs P and Mr P buying the Choice account, which I have listened to carefully.

It was Mrs P who made the call. She rang to discuss charges on the 123 account for overdrafts and returned payments. These charges had increased in the previous couple of months following some changes Santander had made to the terms and conditions of the 123 account. Mrs P also explained that their financial situation had changed a couple of years earlier due to Mr P losing his job.

During the call, Santander pointed out that it would probably charge Mrs P and Mr P less with a Choice account than with the 123 account. In answer to some of Mrs P's questions, it also explained that if they changed accounts, they would lose the benefits of the 123 account, such as cashback. It also mentioned that other accounts were available (although it didn't say a great deal about these). It also mentioned a charity where Mrs P and Mr P may be able to get help with their finances if needed.

From listening to the call, I'm satisfied that Santander told Mrs P, on behalf of herself and Mr P, about the cost of the Choice account and about its benefits. It also told her what they could lose by switching and explained that they had a range of choices. I don't think that Santander mis-sold the Choice account to Mrs P and Mr P.

Santander has told us that it kept Mrs P and Mr P up-to-date with changes to their accounts (including the changes to overdraft charges for the 123 account I mentioned earlier) but Mrs P and Mr P have told us they didn't receive some of these notifications. I don't know why Mrs P and Mr P didn't receive these, but Santander seems to have had the correct address and contact details and I don't think it failed to send them.

Mrs P and Mr P have also told us that they had a PBA with another bank and that after they complained to that bank, it refunded their fees. They think Santander should have done the same. I don't have any details of that complaint; and nor do I need them as we treat each case individually. I won't compare one with another, or comment on the other bank.

So, in summary; I can't be certain that Santander got everything right for Mrs P and Mr P and I accept that with hindsight they may not think the benefits of the packaged accounts were valuable for them, but I think Santander probably met its obligations towards them. I don't think it mis-sold any of the packaged accounts to them.

My final decision

For the reasons I have set out above, I am not upholding Mrs P and Mr P's complaint about Santander UK Plc. I am not going to tell it to give them any money back.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 5 November 2020.

Steve Townsley

Ombudsman