

The complaint

Mr and Mrs H have complained that Barclays Bank UK PLC (“Barclays”) mis-sold them a number of packaged bank accounts and add on packs. Their account history is as follows:

- Fee-free Current account taken out in August 1988
- Upgraded to a fee-paying Additions account in June 2001
- Upgraded to a fee-paying Additions Active in May 2010
- Downgraded to a fee free Current account with an additional fee paid Tech Pack in November 2016
- Travel Pack added to the Current account in October 2017 and the Tech Pack removed at the same time

Mr and Mrs H say that they had to take out all of the above in order to have an overdraft and personal loans.

What happened

One of our adjudicators looked into this complaint and they didn’t think the accounts and packs had been mis-sold. Mr and Mrs H disagreed and so the complaint has been referred for an ombudsman’s 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 our approach to complaints about packaged bank accounts on our website and I’ve used that to help me decide this case. I think it might help to explain that where matters are in dispute and evidence is incomplete, I have to base my decision on what I think was most likely to have happened, based on everything that is available.

Firstly, I have considered whether Mr and Mrs H were given a fair choice to take out both accounts and the add on packs. Mr and Mrs H have said that they thought that they had to agree to these accounts and packs in order to have an overdraft and take out personal loans. However I can see that Mr and Mrs H held an overdraft prior to taking out any of these accounts, so I can’t see why they would suddenly think that they needed to take out either an account or a pack to retain what they already held. Additionally, I can’t see any loans taken out at the time of any of the sales and I can see that they had held a loan prior to any of the sales.

So overall I am not persuaded that Mr and Mrs H agreed to any of the accounts or packs in order to retain and overdraft or obtain a personal loan. I think that it is more likely that they agreed to the accounts and packs as they were attracted to the benefits that they came with.

I will explain why I think this.

Additions account

In relation to this sale, when this account was taken out it cost £6 per month and came with an interest free overdraft buffer zone of £100. And by having the Additions account, Mr and Mrs H no longer had to pay the £5 monthly overdraft usage fee (which was applicable to fee-free accounts). I can see that Mr and Mrs H did regularly use their overdraft at this point and so having the Additions account meant that they were likely to have saved money on a monthly basis when it was initially taken out, compared to what they were being charged in interest and charges to use their overdraft on a fee-free account.

When selling the Additions account, Barclays was required to give Mr and Mrs H enough information about the account so they understood what they were agreeing to. And based on their recollections of the sale, it seems highly likely that the overdraft features were discussed with them. I also can't see anything that they were not told that may have changed their decision to take out this account.

Therefore, based on everything I have seen, I don't think the Additions account was mis-sold. The account may've changed in terms of cost and benefits over the years they held it, and I appreciate that Mr and Mrs H may now believe the account to have been poor value for money for the amount of time they kept it. But that does not mean it was mis-sold, or that Barclays was wrong to have sold it to them when it did.

Additions Active account

At the time the Additions Active account was sold to Mr and Mrs H, it cost £15 per month versus the £12.50 the Additions account cost. It provided worldwide travel insurance, enhanced (compared to the Additions account) levels of breakdown cover, mobile phone cover - as well as it being interest free on the first £300 of an arranged overdraft – alongside a preferential interest rate on balances overdrawn by more than this amount.

It also appears that for the first three months they held the account, they were charged the same monthly fee as the Additions account they held previously. So this may also have attracted them to try the account with the additional benefits that it came with.

I note that Mr and Mrs H have explained that they did not need the travel insurance. And I accept that there is nothing to indicate that they used this benefit. But I think that the other benefits that the account came with may have been attractive to Mr and Mrs H. For example, I can see that they cancelled their separate breakdown cover that they held prior to taking out this account. So it seems likely that the enhanced breakdown cover that this account came with may have been something that interested Mr and Mrs H. Also they used their overdraft extensively at this time. So the increased interest free overdraft and preferential rates that came with this account may also have been of interest to them. I also note that they registered a handset and claimed on the mobile phone insurance too.

When selling this account Barclays had to give Mr and Mrs H enough information to allow them to decide whether this account was right for them. Overall I think the main benefits and how to use them would've been highlighted to them to make the account seem attractive. And this is demonstrated by the registration of the mobile phone insurance. I also can't see anything specific that they were not told about this account that I think would've altered their decision to take out the account.

So taking everything into account, I'm unable to say that the Additions Active had been mis-sold either.

Tech pack

In relation to the Tech pack, when it was taken out it cost £9.50 a month and came with an interest free overdraft of £200, mobile phone insurance and gadget insurance. I can see that this pack was added when Mr and Mrs H's account was changed to a fee-free Current account that came with no benefits. Overall given Mr and Mrs H's use of the mobile phone insurance when they held the Additions Active it seems likely that they chose this pack as it came with mobile phone insurance – rather than because they felt they had no choice but to agree to it. Additionally, given Mr and Mrs H's overdraft usage, I think that they would've been attracted to the £200 interest free overdraft facility as well.

Again I think that Mr and Mrs H would've been given the information about the major benefits. And I can't see anything that they were not told about that would've altered their decision to add this pack to their account.

So taking everything into account, I'm unable to say that the Tech pack had been mis-sold either.

Travel pack

In relation to the Travel pack, when it was taken out it cost £8.50 per month and came with an interest free overdraft of £200, travel insurance, and breakdown cover. I note that when this account was taken out, the Tech pack was removed from the account.

I think that it is likely that Mr and Mrs H took out this pack for the breakdown cover and the overdraft benefit. I say this because of Mr and Mrs H cancelling their separately held breakdown cover whilst holding the Additions active account which suggests it as something that they believed was important. And they used their overdraft frequently when they agreed to this pack.

Again, I think that Mr and Mrs H would've been given the information about the major benefits and I can't see anything that they were not told that would've altered their decision agree to this pack. So taking everything into account, I'm unable to say that the Travel pack had been mis-sold either. I accept that Mr and Mrs H may now, with the benefit of hindsight, think that these accounts and packs have been poor value for money. But that in itself doesn't mean that Barclays was wrong to have sold them at the time.

I appreciate that this may come as a disappointment to Mr and Mrs H, but I hope they understand the reasons why I have reached this outcome.

My final decision

Because of the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 30 September 2021.

Charlie Newton
Ombudsman