

## **The complaint**

Mrs W has complained that Barclays Bank UK PLC (“Barclays”) mis-sold her fee-paying Additions and Additions Plus packaged accounts in April 2003 and August 2006 respectively.

Barclays later withdrew the Additions Plus account and transferred Mrs W’s account to a fee-free account that included Tech and Travel Packs that Mrs W could opt out of, if she no longer needed the benefits that they provided. Mrs W said that these packs were also mis-sold.

So Mrs W says that the two packaged accounts, and the Packs, were mis-sold because she was led to believe that she had to have them if she wanted an overdraft.

## **What happened**

Barclays upheld Mrs W’s complaint about the sale of the Additions account, and refunded Mrs W’s Additions account fees. But it didn’t think that the Additions Plus or the Packs were mis-sold.

One of our adjudicators assessed Mrs W’s complaint about the sale of the Additions Plus account and the two Packs, and she ultimately thought that the Additions Plus had been mis-sold, but thought that the Packs had not been.

Following the adjudicator’s assessment, Mrs W withdrew her complaint about the Packs that were added to her account. In relation to the Additions Plus account, Barclays did not agree that it had been mis-sold. So the matter was referred for an ombudsman’s decision.

As Barclays has already upheld the complaint about the sale of the Additions account, and as Mrs W has withdrawn her complaint about the Packs that were later added to her account, this decision will only address the sale of the Additions Plus account.

## **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 accounts on our website and I’ve used that to help me decide this complaint. And having considered everything, I think that the complaint should be upheld. I will explain why.

Mrs W has explained that when the Additions account was sold to her, she was given the impression that she had to have it to get an overdraft. I note that Barclays upheld this aspect of Mrs W’s complaint. And when the Additions Plus account was sold to Mrs W in 2006, she says that she was still of the impression that she needed a fee-paying packaged account to have an overdraft. And I’ve not seen anything to suggest that she was made aware by 2006, that she did not in fact need any type of fee-paying account to have an overdraft. So I can’t reasonably say that Mrs W was given a fair choice, or at the very least, was able to make an informed choice, when she agreed to the Additions Plus account.

However, I am mindful here that if Mrs W thought she had to have a fee-paying account to have an overdraft, this does not explain why she agreed to a more expensive account in 2006. Afterall, if she thought she had to have a fee-paying account of some sort to have an

overdraft, then she could've declined the offer to upgrade again and chosen to keep her existing Additions account instead. Nevertheless, despite this, I still need to be satisfied that Barclays did not act unfairly or unreasonably in selling Mrs W the Additions Plus account.

In this case, Barclays has told us that it sold the Additions Plus account to Mrs W over the phone, and therefore says that the account was sold on an advised basis. This is significant, because it means that Barclays was obliged to assess Mrs W's insurance needs, and then recommend a product that was suitable for her circumstances - or not recommend a product, if the ones it offered at the time didn't meet her needs.

On the 11 August 2006, the Additions Plus account cost £13 per month and provided worldwide family travel insurance, breakdown cover, home emergency cover, accidental death cover and extended warranty cover. It also included non-insurance benefits such as an interest free overdraft facility of up to £250 and lower interest rates (compared to what a fee-free account would charge) on balances overdrawn by more than that amount – up to Mrs W's agreed limit.

The main difference between Mrs W's existing account (which Barclays has already accepted was mis-sold) and the Additions Plus account, was that the Additions Plus account included worldwide family travel insurance.

Mrs W has told us that she didn't particularly want the travel insurance provided by the account – or for that matter any of the other insurance benefits it provided. Mrs W has said that the only thing she really wanted on her account was an arranged overdraft. And I can't see that Mrs W ever made a claim, or even enquired about any of the benefits provided by the account in all the years she held it – which in my view does support what she says.

Mrs W has also told us that she suffered from a number of chronic mental health conditions, that first occurred prior to 2006 and which she was still suffering from at the time. Mrs W has said that she was not made aware that she needed to declare pre-existing medical conditions either.

I'm mindful that Mrs W has said that she doesn't recall the sale, and so I accept it's possible that she was told that she needed to declare her medical conditions, and has since forgotten about that. However, unfortunately Barclays has been unable to show what was discussed during the sale. And I think it's likely that Mrs W would've contacted the travel insurer about her conditions, if she was told she needed to and if she wanted to rely on the travel insurance provided by her Additions Plus account.

As such, in the circumstances, I don't think Barclays' recommendation that Mrs W upgrade her account to the Additions Plus account was a reasonable one. Based on everything that I have seen, I'm not persuaded that Mrs W had a particular need for the insurance benefits it provided.

But even if Mrs W did have a need for travel insurance, I don't think that the travel cover provided by the Additions Plus account was particularly suitable for her specific circumstances - especially as the travel insurance terms and conditions from the time specifically excluded cancellation, medical expenses and abandonment claims:

*“- for anxiety or depression diagnosed before the start date of the insurance and/or date of booking any holiday.”*

Therefore, had things gone as they should've, I think it's more likely that Mrs W would've instead opted for a fee-free account instead.

### **Putting things right**

To put matters right, I require Barclays to:

- Refund all Additions Plus packaged account fees Mrs W was charged between

- August 2006 and January 2017; and
- Pay interest on those fees at a rate of 8% simple per year, calculated from the date each fee was applied to the account, to the date of settlement, less deductible tax.

If Mrs W saved money in overdraft interest as a result of having the Additions Plus account - compared to what she would've paid if she'd had a fee-free account instead - Barclays may deduct the savings Mrs W received from the total amount of redress due. But if Barclays does this, it must explain to Mrs W how it worked out the savings – in a way that is easy for Mrs W to understand.

### **My final decision**

Because of the reasons given above, I think the Additions Plus account was mis-sold. So I think that Barclays Bank UK PLC should do what I've set out above, to put matters right in relation to the sale of the Additions Plus account, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 27 April 2022.

Thomas White  
**Ombudsman**