

The complaint

Mr P has complained that Santander UK Plc ("Santander") switched his account to a fee-paying Choice account in August 2014, without his agreement. He says that the monthly fee that he paid for this account outweighed the financial benefits that he derived from holding the account.

What happened

Initially Santander said that Mr P complained too late about the sale of the Choice account for our service to be able to consider the complaint. One of our ombudsmen issued a decision on this and decided that we are able to look into this sale.

One of our adjudicators assessed the merits of this complaint, and he did not believe that Santander did anything wrong in relation to the sale of the account. He concluded, on balance, that Mr P did agree to the account and that as he believed that the account was sold on a non-advised basis, it was not the responsibility of Santander to ensure that the account was financially beneficial to Mr P.

Mr P did not agree to this. In summary, he says that he would not have agreed to this account as it would not have been beneficial to him and that he has demonstrated that it was not.

Therefore, the complaint was 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.

On our website, we've set out our approach to the sale of packaged bank accounts. I've kept that approach in mind when considering this case.

I've decided not to uphold this complaint. I'll explain why.

I should explain that were there is a dispute about what has happened I need to make a finding on what is most likely to have happened based on the available evidence. In this instance there is not much available from the time of the sale, except bank statements to show the account activity.

Firstly, I will consider whether Mr P consented to the Choice account. Mr P has said that he did not agree to the account and it was mis-sold to him as it was not likely to have benefited him based on his account usage at the time. He has compared the fees he was charged before and after the change to the Choice account and has demonstrated that the account did not save him money. He has calculated this by looking at the what he was charged prior to and after the upgrade to the Choice account.

But there was a change in overdraft fee structure that came into effect in August 2014 i.e. around the time his account was changed to a Choice account. And this change meant that he was about to be charged more on the Everyday Current Account, to use his overdraft. In summary, prior to this point, the fee structure on the Everyday Current Account that he held charged £1 a day when he was using his overdraft facility. This was capped at £20 a month. But from mid-August 2014 onwards, this cap was removed. He would also be charged a separate fee if he exceeded his overdraft facility.

Whereas a feature of the Choice account was that it capped the daily overdraft usage fees at £20 per month. And it also did not include the unarranged overdraft fee that would apply to the Everyday account.

Looking at Mr P's overdraft usage at the time the Choice account was taken out, he was frequently overdrawn for more than 20 days a month - both before and after his account was changed to the Choice account. So by changing the account, he could potentially save money, depending on the amount of time he was overdrawn and how his account was managed. So I think that it is more likely that Mr P did agree to the Choice account, and I think it's likely he did so because of the combination of these two features – rather than it being the case that Santander upgraded his account without obtaining Mr P's consent first.

It may be the case that, given the way he managed his account over the entire time he held the Choice account, Mr P may not have saved money, compared to if he'd stayed on the Everyday Current Account. But I don't think that this means that he did not agree to the account in the first instance or that Santander was wrong to have sold it to him in the first instance.

I think the potential was there when he initially likely agreed to the account to save money depending on how his account was managed. I also believe that knowing that he had the security that his account fees were capped at £30 a month (the £10 monthly account fee and the maximum £20 overdraft usage fee) rather than a potentially larger fee if he went over his overdraft limit may also have been a reason why he agreed to the account at the time.

So overall whilst I accept it's possible that Santander changed Mr P's account without his consent in 2014, when deciding what I think was most likely to have happened, I think it's more likely the case that Mr P agreed to change his account, in circumstances he no longer recalls, due to the potential to either save money or at the very least know exactly how much he would have to pay each month to use his overdraft facility.

Based on my understanding of Santander's sales processes I don't think it's likely that Santander made a personal recommendation to Mr P, when it sold him the account. So, Santander did not have to make sure that the account was right for him. It did though have to give Mr P the important information about the account, to allow him to make his own choice as to whether the account was right for him.

Overall, I think that it is more likely than not that the main benefits would've been highlighted during the application process. After all, Santander would've wanted the account to seem attractive to Mr P, so that he'd agree to it. I also can't see anything specific that makes me think Mr P would've altered his decision to take out the account, had he been given even more information about the account and the associated benefits.

With the benefit of hindsight, I can understand why Mr P may now think that the account was poor value for money. But that in itself doesn't mean it was mis-sold. And based on everything that has been provided, I've not seen enough information that makes me think that it's likely that the account was mis-sold in the first instance.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 July 2022.

Charlie Newton
Ombudsman