

The complaint

Miss F complains that she was mis-sold a fee-paying Advantage Gold Account (AGA) in 2004 by National Westminster Bank Plc (NatWest).

What happened

I have previously issued a provisional decision about this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

Miss F says she rang NatWest to arrange a loan or overdraft and was persuaded to take out an AGA as it would improve her chances of being approved for lending.

NatWest says that no advice was given in the call and Miss F chose to take out the AGA based on the information about the benefits it gave her.

What I've provisionally 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.

The facts of this matter don't appear to be in dispute, so I'll focus on giving my reasons for my provisional decision.

I think it's more likely than not Miss F knew she had a choice about whether to open an AGA or not as she'd had a fee free account previously and had taken out loans and had an overdraft without a fee-paying account.

Miss F says that she is unclear exactly how her call in 2004 went as it was many years ago and this is understandable. NatWest doesn't have a recording of the call or any transcript.

However, both parties agree that Miss F approached NatWest by phone to ask to borrow money, and not to ask about a fee-paying AGA.

So, in my view I think it's more likely than not NatWest introduced the AGA into the conversation with the clear implication that it would be beneficial to Miss F to take one out.

Nat West says that the sale was non-advised, but I think it's more likely than not it did persuade Miss F to take out the AGA either by giving advice based on her circumstances or providing information in a way that didn't enable Miss F to make an informed decision.

I say this because the main benefits of the product were travel insurance and reduced rates for loans and overdrafts.

Miss F says she was struggling financially, so I think it's more likely than not she would only have opened an AGA if she thought it was to her financial advantage. And she says that she hadn't travelled since 2000 due to a medical condition and didn't have a Gold Credit Card which was required to take advantage of the travel insurance.

So, I think it's more likely than not that the phone conversation led her to believe that she would make savings on any loan or overdraft or overdraft she was given that would at least cover her monthly fees.

However, the large loan she applied for was opened three days before NatWest processed and opened her AGA, so she received no saving on that loan, and the saving on her overdraft was too small to have come anywhere near covering the £8 a month fee.

NatWest has confirmed in writing that it has no evidence of her receiving any discount on any loans taken out while she had the AGA. It has also confirmed that there is no evidence Miss F used any of the benefits other than the very small overdraft benefit at any time.

NatWest argues that it has sent her lots of detailed information about the account over the years so she must have decided to keep it open. Miss F says that she has always thought based on her original conversation that she would lose out if she closed the AGA. In my view I think if she'd realised at any point that she was losing financially by having the AGA it's more likely than not she would've closed it for the reasons given above.

So, in my view the AGA was unsuitable for Miss F and NatWest either advised her incorrectly or didn't provide her with enough information in the call with her in 2004 to make an informed decision.

So, I think NatWest mis-sold the AGA to Miss F and I'm minded to uphold her complaint.

Putting things right

I'm minded to require National Westminster Bank Plc to:

- *Pay Miss F the amount Miss F paid each month for the Advantage Gold Account from April 2004 until December 2019.*
- *Add simple interest to each payment from when she paid them until she gets them back. The rate of interest is 8% a year[†].*
- *If Miss F has saved money because of a better rate on her overdraft or any loan by having the packaged account and NatWest can show exactly how much Miss F saved, it may deduct her savings from the amount it pays her – but only after it has calculated the two points above. NatWest must explain clearly and simply to Miss F how it has worked out any deductions.*

[†] HM Revenue & Customs requires NatWest to take off tax from this interest. NatWest must give Miss F a certificate showing how much tax it's taken off if she asks for one.

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.

In response to my provisional decision, Miss F didn't add anything further.

NatWest sent in some evidence that Miss F received a saving on two loans she took out a year after the AGA opened.

But the saving she made on those loans was small compared to how much she paid for the AGA.

So, my conclusions remain as outlined above in my provisional decision.

Putting things right

I require National Westminster bank Plc to pay redress to Miss F as shown in the 'Putting things right' section of my provisional decision shown above.

My final decision

My final decision is that I uphold Mrs F's complaint and require National Westminster bank Plc to pay Miss F redress as shown above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 11 July 2022.

A handwritten signature in blue ink that reads "R. A. Hill". The signature is written in a cursive, slightly slanted style.

Richard Hill
Ombudsman