

## **The complaint**

Mr K complains that he was mis-sold an Ultimate Reward Current Account (URCA) in 2011 by Bank of Scotland plc trading as Halifax (Halifax).

## **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:

*Both parties agree the URCA was sold in a branch meeting between the parties.*

*As a minimum Halifax was required to provide Mr K with enough information for him to decide if he needed or wanted the URCA.*

*And I don't think it did.*

*I say this for the following reasons.*

*The URCA main benefits included worldwide family multi-trip travel insurance, AA breakdown cover, mobile phone insurance, home emergency cover and a fee free overdraft of up to £300. And its monthly fee was £12.50, equivalent to £150 a year which reflected the wide range of products available within it.*

*But Mr K did not travel outside the UK, did not have a mobile phone, and did not have a car either before the sale or for the duration he had the URCA. Mr K did have a home, but he never used the emergency cover, instead ringing up to enquire about home insurance on two occasions as that is what he thought he might have.*

*Mr K also immediately after the sale ran an overdraft of substantially over £300 and continued to do so for many years, meaning the benefit of the free overdraft up to £300 was mainly lost.*

*Taking all this into account, I think it's more likely than not that Halifax did not explain properly to Mr K how the account worked or what the relative value of the components within it were. And I think it's more likely than that if it had, Mr K would not have upgraded his account to an URCA.*

*Halifax says it sent him a welcome pack and subsequent letters about the URCA, but I think it's more likely than not he relied on what he was told in the branch meeting. And, as I say above, this did not contain the explanation he needed, or he wouldn't have agreed to open it at that time.*

*So, I think it's fair and reasonable to uphold his complaint.*

## **Putting things right**

*I'm minded to require Bank of Scotland plc trading as Halifax to:*

- *Pay Mr K the amount Mr K paid each month for the URCA from May 2011 until it was closed.*
- *Add simple interest to each payment from when he paid them until he gets them back. The rate of interest is 8% a year<sup>†</sup>.*
- *If Mr K has saved money because of a better rate on his overdraft or any loan by having the packaged account and Halifax can show exactly how much Mr K saved, it may deduct his savings from the amount it pays him – but only after it has calculated the two points above. Halifax must explain clearly and simply to Mr K how it has worked out any deductions.*

<sup>†</sup> HM Revenue & Customs requires Halifax to take off tax from this interest. Halifax must give Mr K a certificate showing how much tax it's taken off if he 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 Mr K didn't add anything further.

But Halifax sent me a recording of the discussion it had with Mr K about his complaint. Halifax highlights that Mr K says in the call that he took out the URCA for the £300 interest free overdraft.

And Halifax argues that it was six months after calling their home emergency line that he took out house insurance with them, so he must have been calling about home emergency cover in the first instance.

I've listened carefully to the call recording and I agree that Mr K does say that he took out the URCA for the interest free overdraft. However, he also says that he thought the £300 overdraft was completely free and that he didn't understand that he had to pay £12 a month to get the benefit.

As stated in my provisional decision he had a pattern of going over £300 on his overdraft, when charges did come into play on the URCA. So, I still think it's more likely than not that the value of the £300 fee free overdraft was very limited to him, and I don't think he understood this.

Lastly, I listened to Mr K's response to questions about the home emergency cover in the call recording. In my view he still doesn't understand the difference between the home emergency cover and home insurance cover, so I still find Mr K's testimony credible that he rang Halifax about home insurance.

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

## **Putting things right**

I require Bank of Scotland plc trading as Halifax to pay redress to Mr K as shown in the 'Putting things right' section of my provisional decision shown above.

### **My final decision**

My final decision is that I uphold Mr K's complaint and require Bank of Scotland plc trading as Halifax to pay redress as shown above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 September 2022.

  
Richard Hill  
**Ombudsman**