

The complaint

Mrs N and the estate of the late Mr N have complained that Lloyds Bank PLC (“Lloyds”) mis-sold a number of packaged bank accounts. Their account history is as follows.

The joint account number ending 7268 was:

- Opened as a fee-free bank account in September 1998
- Changed to a fee-paying Gold account in December 2002,
- Changed to a fee-paying Platinum account in January 2004,
- Changed to a fee-free Classic account in January 2009
- Changed to a fee-paying Premier account in July 2009,
- Changed to fee-free Classic account in May 2017

Lloyds have shown the joint account number ending 0868 was:

- Opened as a fee-free bank account in June 1991
- Changed to a fee-paying Premier account in January 2009
- Changed to fee-free Classic account in July 2009

Lloyds have shown Mrs N’s sole account number ending 1768 was:

- Opened as a fee-free bank account in June 1992
- Changed to a fee-paying Platinum account in May 2007
- Changed to fee-free Classic account in January 2009

From this point onwards I will refer to Mrs N and the estate of the late Mr N as Mrs N for readability.

What happened

One of our adjudicators assessed this complaint and they thought that Mrs N’s sole Platinum account that was taken out in May 2007 was mis-sold as it duplicated benefits held on the Platinum account (taken out in January 2004) that was held jointly.

One of our adjudicators then assessed the sale of the remaining accounts and they didn’t think that Lloyds had mis-sold them. Mrs N’s representative did not agree with this and therefore this complaint was passed on for an ombudsman’s decision to be issued.

This decision will only address whether the packaged bank accounts were mis-sold. I note that Mrs N is also unhappy with the way she was treated in relation to her overdraft and financial difficulties that she says she has suffered. As we have explained, if she remains concerned with this, she would need to direct these concerns to Lloyds to investigate in the first instance.

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 how we handle complaints about packaged bank accounts on our website. I've used this approach to help decide what to do about Mrs N's complaint.

All accounts apart from the Platinum account taken out in May 2007

Where evidence is incomplete and matters are in dispute, as they are here, I make my decision based on what I think is most likely to have happened - based on the evidence that I have been provided with. With this in mind, and having considered everything that Mrs N and Lloyds have said and provided, I don't uphold this complaint about these accounts. I will explain why.

Firstly, I have considered whether Mrs N was given a fair choice in taking out these accounts. Mrs N had held a fee-free account with Lloyds prior to the first upgrade. So I think that she would've been aware that fee-free accounts were generally available. I can see that Mrs N's representative has mentioned that the accounts were taken out to improve her credit score and to obtain a credit card. But I can't see why the accounts would constantly be upgraded and then downgraded again if this was the intention. I say this especially as no credit card was ever taken out and I can see that loans were taken out prior to the first upgrade. So it seems unlikely that Mrs N took out these account to either get a credit card or improve her credit score. So overall, on balance, I think that Mrs N agreed to these accounts knowing she did not have to.

These accounts were recommended to Mrs N. Given this, Lloyds had to ensure that they were broadly a reasonable fit for her circumstances at the time. Mrs N's submissions to us suggest she did not travel, drive or have a mobile phone. But based on the benefits that were registered for or used by Mrs N over time - such as the breakdown cover, mobile phone insurance and the travel insurance, I think that she was able to make use of these benefits. I also can see that the interest free portion of the overdraft was used and I see nothing that would've prevented Mrs N from using the home emergency cover. So there is not enough for me to say that these Lloyds' recommendation that she upgrade to the various packaged accounts was unreasonable.

I accept that Mrs N may not have been told everything during the sales, about all of the benefits that all the accounts came with. But I have not seen anything specific about Mrs N's circumstances, that makes me think she would've been put off from agreeing to the upgrades, had she been given even more information about the benefits that the accounts came with.

I appreciate that, with the benefit of hindsight, and perhaps with what Mrs N may've read recently about financial products being mis-sold, she may now believe that her accounts were mis-sold. But based on what Mrs N has said, alongside all of the available evidence that I have seen, I can't say that it's more likely than not that her accounts were mis-sold in the first instance (apart from the one taken out in May 2007).

The Platinum account taken out in May 2007

All parties agree that this account was mis-sold as it duplicated existing benefits that Mrs N already held, so Lloyds needs to do the following, which it has already agree to do, to put matters right:

- Refund the account fees that were paid on the Platinum account taken out in May 2007

- Pay 8% simple interest on those fees, calculated from the date they were paid to the date of settlement, less deductible tax†.

† HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give a certificate showing how much tax it's taken off if asked for one.

My final decision

Because of the reasons given above, I don't think that Mrs N and the estate of the late Mr N's packaged bank accounts listed above were mis-sold - except for Mrs N's sole account Platinum account. I therefore uphold this complaint in part, and I have set out what Lloyds Bank PLC needs to do to put matter right above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 6 October 2022.

Charlie Newton
Ombudsman