

## **The complaint**

Mr S has complained that Lloyds Bank PLC ("Lloyds") mis-sold him a number of fee-paying packaged bank accounts.

Mr S has given a number of reasons why he says they were mis-sold. Including that he was told that by having the account, Lloyds would look favourably upon him if he were to apply for a loan or a mortgage in the future.

## **Account history**

- Account opened – 1996
- Upgraded to a fee-paying Select account – at some point prior to September 2001
- Upgraded to a fee-paying Platinum account – November 2001
- Downgraded to a fee-paying Gold account – February 2002
- Upgraded to a fee-paying Platinum account – January 2004
- Upgraded to a fee-paying Premier account – June 2008
- Premier package removed from account, Club Lloyds bolt on added to account – September 2015

## **What happened**

Lloyds upheld Mr S's complaint about the sale of the Select and Gold accounts and arranged to refund the account fees Mr S paid for those accounts, and also added 8% simple interest, less tax, to the fees that were refunded as well.

Lloyds however said that Mr S had complained too late about the sale of the two Platinum accounts for our service to be able to consider them. One of our ombudsmen issued a decision to say that was the case, therefore our service is unable to look into Mr S's complaint about the sale of the Platinum accounts.

An adjudicator then assessed Mr S's complaint about the sale of the Premier account. The adjudicator ultimately thought that Lloyds' recommendation that Mr S upgrade his Platinum account to a Premier account was unreasonable, as she thought that there was insufficient evidence to show that Mr S had a need for the added benefits that came with the Premier account.

Lloyds agreed to put Mr S back into the position he would've been in, had the Premier account not been sold to him. So it agreed to pay him the difference in account fees between what he did pay and what he would've paid had he continued with the Platinum account until the package was removed in 2015. It also agreed to pay Mr S 8% simple interest, less tax, on those fees.

Mr S didn't agree with this, so the matter was referred for an ombudsman's decision.

This decision will only address whether what has been proposed regarding the sale of the Premier account is fair and reasonable.

## **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 what has been proposed so far is fair and reasonable in the circumstances. I will explain why.

Firstly, it seems that both parties now agree that Premier account should not have been sold to Mr S. So I need to consider what would have happened if everything had gone right. And in the circumstances, I think that Lloyds would've recommended Mr S to continue with the Platinum, rather than recommend he upgrade to the Premier account.

I say this because, overall, it appears that Mr S only really had a need for the breakdown cover that he already had on the Platinum account. For example, there is evidence that Mr S made a number of claims, including making use of some of the enhanced levels of cover that was provided by the Platinum account. But there is little evidence to show that Mr S had a need or interest in most of the added benefits that came with the Premier account (that weren't already provided by the Platinum account). So had things gone as they should've, I think Lloyds would've in all likelihood recommended Mr S stick with the Platinum account, or simply not have recommended the Premier account to him.

As such, I think agreeing to refund the difference between the Premier and Platinum accounts is reasonable - as it essentially puts Mr S back into the position as though the Premier account had not been sold to him and he'd instead continued with the Platinum account until he downgraded his account in September 2015. I say this bearing in mind that it has already been explained to Mr S that our service can't consider whether the Platinum account he held prior to the sale of the Premier account was mis-sold and so I'm not able to comment on whether that account was mis-sold.

I note in response to the settlement offer, Mr S said that he should only be charged for the account in the years he made a claim, and get a full refund in the years he didn't. However, if he'd not been sold the Premier account, I think it's likely he would've paid the Platinum account fee each month instead - given that he was clearly still relying on the cover it provided - so this is something I think he would've paid anyway. Therefore, I don't think a full refund of fees in the years he didn't make a claim is reasonable. I say this especially as he still had the benefit of the cover in those years, even if it was the case that he didn't need to claim on it.

Mr S has also questioned the redress, as he says the Platinum account cost £12 per month, and not £17 per month. Mr S has provided a copy of a statement from May 2004 to show this. So Mr S says that the amount to be refunded to him should be more. But as the adjudicator explained to Mr S, the cost of the Platinum account had increased to £17 per month around April 2008. And from what I can see, it remained at that level up until he downgraded his account in 2015. So I'm satisfied that this is the correct amount to use when calculating the redress over the period of time that Mr S had the Premier account.

Mr S has also said that he didn't register a phone around the time the Premier account was sold to him - and so questions why Lloyds' records say that he did this. However, regardless of whether he did or didn't register a phone, I still think putting him back in the position as though the Premier account had not been sold to him is reasonable in the circumstances.

### **Putting things right**

Because of the reasons given above, I require Lloyds to:

- Refund the difference between what Mr S paid, and what he would've paid had he continued with a Platinum account between June 2008 and September 2015; and

- Pay Mr S 8% simple interest, less tax\*, on the amounts to be refunded. This should be calculated from the date of each fee to the date of settlement.

\*HM Revenue & Customs requires Lloyds to take off basic rate tax from this interest. Lloyds must provide a certificate showing how much tax it has taken, if requested.

### **My final decision**

Because of the reasons given above, I uphold this complaint and require Lloyds Bank PLC to do what I have outlined above, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 January 2023.

Thomas White  
**Ombudsman**