

The complaint

Mr C has complained that Barclays Bank UK PLC (“Barclays”) mis-sold him fee-paying Additions, Additions Active and Premier Life packaged accounts in March 2006, November 2008 and May 2009 respectively.

Mr C also says that Barclays mis-sold him fee-paying Travel Plus, Home and Tech Packs, that were added to his account in November 2015.

What happened

Barclays says that Mr C had complained too late about the sale of his packaged accounts.

One of our ombudsmen considered what Mr C and Barclays had provided us with, and they concluded that Mr C had complained too late about the sale of his Additions Active and Premier Life accounts for our service to be able to consider those parts of the complaint.

An adjudicator then went on to assess whether the Additions account and the Packs were mis-sold. They concluded they hadn’t been. Mr C disagreed with the adjudicator’s assessment, so the matter was referred for an ombudsman’s decision.

I issued a provisional decision on 7 February 2023 and explained why I was minded to partly uphold Mr C’s complaint. I have included an extract of my provisional decision below and it forms part of this decision:

“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.

We’ve explained our approach to complaints about packaged accounts on our website, and I’ve used that to help me decide this complaint.

Having considered everything, I’m currently minded to uphold Mr C’s complaint in part. I will explain why.

Additions account

Mr C says that he attended a Barclays branch to discuss re-mortgaging his property. He says that the person he spoke to led him to believe that by agreeing to the Additions account, this would improve his chances of his mortgage application being approved.

Having considered everything provided, I think that what Mr C has said is likely to have happened. Mr C has provided evidence to show that he did arrange to re-mortgage with Barclays in March 2006, therefore I think that his explanation that he’d only approached Barclays to discuss his mortgage was the case.

Furthermore, Mr C has also said that one of the reasons why he re-mortgaged his property was to release some equity in his property. Mr C says that he did this so he could use the funds to consolidate his finances. This included clearing his overdraft. And I can see that a large deposit was made into his account on 19 April 2006, and it seems that Mr C’s account remained largely in credit until September 2006, at which point Mr C did start using the overdraft more frequently.

Looking at everything that Mr C has said, and what the account provided at the time, it seems the main benefit of the account that Mr C could potentially have benefited from was the £250 interest free overdraft facility (and preferential interest rate on balances above this amount). However, given that Mr C was intending to clear his overdraft with the money from his property (and the bank statements show he did do this shortly after the upgrade), it seems unlikely that he would agree to pay £10 a month for something that he was not intending (in March 2006 at least) on using going forwards.

So when considering all of the evidence, I think that Mr C's recollections of events are persuasive. In my view, it does seem more likely that Mr C agreed to the Additions account in the mistaken belief that it would somehow help his mortgage application be approved – rather than because he was attracted to the benefits of the account. And had it been made clear that upgrading would in fact have no impact on his mortgage application, looking at Mr C's circumstances and what the account offered at the time, I don't think it's likely he would've agreed to it.

Therefore, based on what I've seen so far, I currently think that the Additions account was likely to have been mis-sold.

Travel Plus, Home and Tech Packs

In January 2015, Barclays wrote to Mr C to say that it had changed the eligibility criteria for its Premier Life account. The letter explained that Mr C will no longer qualify for the Premier Life account (or Premier banking) and explained that his account would therefore be changed to a standard fee-free current account. The letter did say however that he would be able to continue to receive similar benefits though the Barclays Feature store packs, and said it will be in contact with further details.

Barclays then wrote to Mr C on 10 August 2015 to confirm that his account would be changed to a fee-free current account on 6 November 2015. It also explained that to ensure he continues to receive similar benefits to the Premier Life account, his account included fee-paying Travel Plus, Home and Tech Packs. The letter summarised what was included with the Packs, how they differed to what he received under the Premier Life account and also explained that Mr C could opt out of the Packs (either individually or all of them), if he no longer needed the cover they provided. The letter said Mr C should get in contact by 23 October 2015, if he wanted to opt out of adding any of the Packs on his account.

Mr C says he was under the impression, because of what had gone before, that having such Packs would put him in a better place to get preferential treatment from Barclays.

I've considered what Mr C has said, but I'm unable to say that the Packs that were added to Mr C's account were mis-sold. I say this because nothing in the letter implies that Mr C would be treated any differently by having the Packs on his account. In fact, I think it's quite the opposite. The letters made it clear that he was no longer able to have access to Barclay's Premier banking services. So I think it was clear that any preferential treatment Mr C may've previously enjoyed as a result of being a Premier banking customer would come to an end once the migration of his account had completed.

Furthermore, the letters made it clear that Mr C didn't have to have any of the Packs added to his account if he didn't want them and that he could opt out of them (and provided him with the relevant contact details if he wanted to do so).

The letters also made it clear the Packs were only being added to his account as a way to continue providing Mr C with similar benefits that he'd previously received as

a result of having the Premier Life account. As the Packs were offered essentially to replicate the benefits that Mr C was already paying for, Barclays was able to do this on an 'opt out', rather than 'opt in' basis – providing it gave Mr C plenty of notice to consider his options. And looking at the dates of the letters and when the migration actually took place, I think that Barclays did provide Mr C with plenty of time in which to consider his options.

Finally, I note that a reason why Mr C believes the Packs to be mis-sold is because he says he already had travel insurance cover elsewhere. Mr C says that the existence of travel insurance on the account may've prevented him from being able to claim on another policy.

In response to this point, the migration letter made it clear that his account would include travel insurance under the Travel Plus Pack from November 2015. So I can't reasonably hold Barclays responsible if Mr C ended up with duplicate cover after the migration because Mr C chose not to opt out of the Travel Plus Pack. I would also add that having duplicate travel insurance policies would not restrict Mr C from being able to make a claim on his other policy, if he needed to do so.

So taking everything into account, I'm unable to say that the Packs that were added to Mr C's account were mis-sold.

Putting matters right

Had Mr C been provided with clear, fair and not misleading information about the Additions account, I don't think it is likely that he would've agreed to upgrade to the Additions account in March 2006.

I am therefore currently minded to instruct Barclays to:

- Refund the Additions account fees Mr C paid from when it was upgraded, up until it was changed to an Additions Active account in November 2008; and*
- Pay Mr C 8% simple interest, less tax, on the Additions account fees to be refunded.*

This should be calculated from the date each fee was charged to the date of settlement.

I note that Mr C did later go on to use his overdraft whilst it was an Additions account, and therefore he did receive the benefit of the Additions overdraft features. So I think it is fair if Barclays chooses to deduct the overdraft savings that Mr C received as a result of having the Additions account, from the above redress. If Barclays chooses to do this, it must show Mr C how it calculated the amount to be deducted and explain this to Mr C in a clear and easy to understand way."

Barclays responded to my provisional decision and said that it accepted my findings. Mr C also responded to my provisional decision and said that he had nothing further to add and that he accepted my assessment of the travel pack complaints.

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.

Having reconsidered everything, as both parties have not made any further arguments, I see no reason why I should reach a different outcome to the one I reached in my provisional decision.

So, in summary, I think that the Additions account was likely to have been mis-sold as Mr C's recollection of events seem plausible and the available evidence that I have seen

support what he says happened when the account was sold to him i.e. that he was misled into thinking upgrading to the Additions account would help his mortgage application be approved.

But I don't think that the 'feature store' Packs that were later added to Mr C's account were mis-sold - essentially because I think the letters that were sent to Mr C made it clear that they would be added to his account to provide similar levels of cover that he used to receive under the Premier Life account. I also think that the letters made it clear the Packs were optional products and that Mr C could opt out of any or all of them, if he wanted to. I also thought that Barclays had given Mr C a reasonable amount of time in which to consider his options, before the Packs were added to his account.

Putting things right

Had Mr C been provided with clear, fair and not misleading information about the Additions account, I don't think it is likely that he would've agreed to upgrade to the Additions account in March 2006.

So to put matters right, Barclays will need to:

- Refund the Additions account fees Mr C paid from when it was upgraded, up until it was changed to an Additions Active account in November 2008; and
- Pay Mr C 8% simple interest, less tax, on the Additions account fees to be refunded. This should be calculated from the date each fee was charged to the date of settlement.

Mr C did later go on to use his overdraft whilst it was an Additions account, as such he did receive the benefit of the Additions overdraft features in that time.

So, if Barclays chooses to, it can deduct the overdraft savings that Mr C received as a result of having the Additions account, from the above redress. If Barclays chooses to do this, it must show Mr C how it calculated the amount to be deducted and explain this to Mr C in a clear and easy to understand way.

My final decision

Because of the reasons given above and in my final decision, I uphold this complaint in part and require Barclays Bank UK PLC to do what I have outlined above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 March 2023.

Thomas White
Ombudsman