

The complaint

Mr E has complained that Bank of Scotland plc ("Halifax") mis-sold him a fee-paying Ultimate Reward Current Account ("URCA") in September 2010.

Mr E says that the account was mis-sold because he says he was told that upgrading his account to an URCA was the only way he could obtain an overdraft.

What happened

Halifax responded to Mr E's complaint and did not uphold the complaint.

After Mr E referred his complaint to this service, one of our investigators assessed the complaint and they didn't think that the URCA had been mis-sold. Mr E disagreed with adjudicator's assessment. So the matter was referred for an ombudsman's decision.

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 bank accounts on our website, and I've used that to help me decide this complaint. I would also like to point out that where matters are in dispute and evidence is missing, as is the case here, I have to decide what I think was most likely to have happened, based on all the evidence that is available.

Having considered everything that has been provided, I don't think the URCA was mis-sold. I will explain why.

Mr E says that he was told that he had to have the URCA to obtain an overdraft and also to obtain discounts on other products. Prior to the upgrade, Mr E held a fee-free Rewards account. So I think that Mr E was aware that fee-free accounts were generally available and that Mr E was not obliged to have a fee-paying account if he didn't want one.

Mr E says that he wanted an overdraft and was told the only way he could get one was by upgrading to the URCA. Halifax's records show that Mr E was provided with a £300 overdraft facility on his account when the URCA was sold to him.

At the time, one of the benefits of the URCA was that it provided an interest and fee-free overdraft facility up to £300. If Mr E remained on his existing account he would've been charged £1 for everyday his account was overdrawn (up to any arranged limit). There is also evidence that Mr E registered a phone under the mobile phone insurance included with the account around the time of the sale, and another handset in the following year. I can also see that Mr E later made claims on the breakdown cover in 2013 too – indicating that he was relying on some of the benefits included with the account.

As such, when weighing up Mr E's recollections of the sale against all of the other evidence that is available, I'm unable to say that it was more likely that Mr E was sold the URCA on the basis that he had to upgrade to obtain an overdraft. On the contrary, the evidence makes

me think it's more likely, albeit on balance, that Mr E upgraded as he was attracted to the benefits of the account (including the overdraft benefit). This is reflected in his engagement with the benefits and also given that the arranged overdraft limit of £300 that was added to his account around the same time, just so happened to match the £300 fee-free and interest free overdraft benefit of the URCA.

So in the circumstances, I think that Mr E was likely given a fair choice in deciding whether to upgrade his account or not.

Looking through all of the evidence, I can't see that Halifax had assessed Mr E's circumstances or made a personal recommendation to Mr E to upgrade to the URCA. This means that Halifax was not obliged to check if the insurance products were right for his circumstances. But it was still required to provide Mr E with enough information about the account, so that he could decide for himself, whether it was worth taking out or not.

From what I have seen, it seems that Mr E was aware of how much the account would cost. And given his engagement with the benefits, he seemed to have a decent understanding of what benefits were included with the account, and also, how to make use of those benefits. Halifax has also provided evidence to show he was sent a welcome pack after the sale too. So I think it is the case that Halifax did provide Mr E with at least some information about the account and the associated benefits. I also note that Mr E says he was told that it would provide him with discounts on other products. And having looked at literature from the time of the sale, it does appear to be the case that the URCA included a discount card and also occasionally offered account holders deals on savings and mortgages.

I accept that Mr E might not have been given all the important information about the account when it was sold to him. But I've not seen anything about his circumstances that makes me think he would've been put off from taking out the account, had he been given more information about it. Therefore, based on everything that I have seen, I don't think I can reasonably say that the URCA was mis-sold.

I appreciate that, perhaps with the benefit of hindsight, Mr E may now regret agreeing to upgrade his account to an URCA and he may now feel that it has been of poor value for money to him over the years - especially if he didn't need all of the benefits that it came with. But that in itself doesn't mean that it was mis-sold or that it was unfair or unreasonable for Halifax to have sold the URCA to him when it did. I say this especially as it was sold as a package, this meant that Mr E was unable to pick and choose what it came with.

So overall, and having taken into everything into consideration, I don't think that Halifax mis-sold the URCA.

My final decision

Because of the reasons given above, I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 22 April 2024.

Thomas White
Ombudsman