

## **The complaint**

Mr and Mrs L complain that they were mis-sold their packaged bank account with Lloyds Bank Plc (Lloyds).

## **What happened**

In 2023 Mr and Mrs L complained to Lloyds that they were mis-sold their packaged bank account (PBA). Specifically, they said they went into branch to extend their overdraft and were told they had to take out a PBA to do so. They said they were not advised of the monthly fees or any alternatives. They said they were financially vulnerable at that time and were taken advantage of by Lloyds.

Lloyds looked into things and noted that Mr and Mrs L had had a PBA from at least 2001 onwards (its records didn't go back any further than this). It noted that the account had been a 'Select Added Value Account' and was later changed to a 'Silver Added Value Account' on 5 May 2009. The PBA remained active at the time of the complaint.

Lloyds said Mr and Mrs L had brought their complaint about the sale of the 2009 Silver PBA too late under the rules set out by the Financial Conduct Authority ('FCA'). So, it didn't consider the merits of this.

It did look at the merits of the complaint about the Select PBA but didn't uphold the complaint. It noted that it no longer held detailed records of the account from when it was opened due to the time elapsed. But it based its findings on the information it did have available. It said that Mr and Mrs L were free to close the Select PBA if it wasn't suitable and that there was no information that made it feel the Select PBA had been mis-sold.

Mr and Mrs L remained unhappy and brought their complaint to our Service.

Investigator looked into things and first considered the matter of jurisdiction. They issued an opinion which agreed that the sale of the Silver PBA had been raised out of time but that the complaint about the Select PBA had not.

This opinion was accepted by both parties and so the Investigator went on to consider the merits of Mr and Mrs L's complaint about the mis-sale of the Select PBA. They didn't uphold the complaint. They noted:

- At that time a fee-free account would have incurred a £5 a month charge to use an overdraft. Mr and Mrs L were using an overdraft and so incurred less costs by having a Select PBA. The Select PBA cost £4 a month at that time and had no overdraft usage fee. So, it saved them £1 a month every month they used their overdraft.
- At that time Mr and Mrs L also had a car and so would have benefited from the roadside assistance cover offered by the account.

They explained that not all of the account benefits needed to be of use for a product to have been suitable.

Mr and Mrs L disagreed. They said they were not advised of alternative accounts at that time and were given no choice. They also observed that if the overdraft facility on the account was only for £50 then they were likely exceeding this and incurring the overdraft usage charge in any event. They felt the costs they were saving in interest weren't equivalent to the amount the account cost them.

The complaint was passed to me to decide.

### **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.

As all parties accepted the jurisdictional position in relation to the Silver PBA, in this decision I'll only be considering Mr and Mrs L's complaint about the Select PBA.

I think it may help to explain that where matters are in dispute and evidence is lacking, I have to decide what I think most likely happened, based on everything that is available. And having weighed everything up, on balance, I don't think that the Select PBA was mis-sold. I will explain why.

Mr and Mrs L have said that they were not given an option of alternative accounts and were told they needed to take out the Select PBA in order to extend their overdraft.

Lloyds has provided evidence to indicate Mr and Mrs L held a fee-free account with it prior to their opening the Select PBA in June 2001. But it has minimal records of that account due to the passage of time.

Lloyds has been able to provide a copy of some customer notes prior to when the Select PBA was opened. Relevant entries in relation to this account prior to this date say:

*'10-Sep-1996.....FORMAL OVERDRAFT \*800'*

*'28-Nov-1996.....FORMAL OVERDRAFT \*600'*

*'07-Nov-1997.....FORMAL OVERDRAFT \*1000'*

Lloyds is also able to see from statements it does have, that there was an agreed overdraft on the Select PBA of £450 in March 2002, nine months after it was sold. Lloyds are not able to confirm the overdraft amount in 2001. But it has provided statements and details of fees incurred on the account from August 2001 to December 2001. These show that the account went no more than £310 overdrawn and did not incur any unarranged overdraft fees. This demonstrates Mr and Mrs L likely had an overdraft of at least £310 at that time.

So, thinking about the sale of the Select PBA. Mr and Mrs L were existing customers of Lloyds and held a fee-free account prior to this. This means I think they were aware at the time that fee-free bank accounts were generally available and that it was possible to have arranged overdrafts on them. And whilst we don't know what the agreed overdraft on their account was in June 2001 following the sale of the Select PBA, the notes and account activity do not indicate it was any more than £450. The evidence therefore suggests Mr and Mrs L previously held an overdraft of a higher value on a fee-free account.

So, when taking everything into account, I haven't seen enough evidence to say it's more likely than not that Mr and Mrs L were misled into thinking they had to take out a Select PBA in order to increase their overdraft.

The Select PBA was recommended to Mr and Mrs L. This means that Lloyds had to check that the features of the accounts were a reasonable fit for their circumstances.

When the Select PBA was sold it cost £4 per month and provided a number of benefits such as card payment protection and roadside assistance. It also enabled customers to have an arranged overdraft without incurring a monthly fee. I know there has been some discussion at the earlier stages of this complaint about a £50 cap on the overdraft, but this was removed around February 2001. So, by the time this PBA was sold to Mr and Mrs L, there was no cap – any overdraft on the PBA would be fee-free. Mr and Mrs L's testimony and their account usage a few months later show they were regularly using this facility. So, I think this overdraft feature was of use to them at the time of sale. And by having the Select PBA, they avoided a £5 monthly overdraft usage charge that was applicable on fee-free accounts at that time. This means that Mr and Mrs L would've been able to reduce the cost of using the overdraft on their account by agreeing to the Select PBA. So, from what I can see, Lloyds' recommendation that they upgrade to the Select PBA seemed to have been a reasonable recommendation for their circumstances.

Due to how long ago the account was sold, it's very difficult to say what exactly was discussed during the sale. And I accept that Mr and Mrs L might not have been given all the information they should've been at the time. But given that this account was saving them money on the months they used their overdraft, I've not seen anything about Mr and Mrs L's circumstances at the time that makes me think they would've been put off from agreeing to the packaged account had they been given even more information about it.

Taking everything into account, I don't think that it was mis-sold.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 28 August 2024.

Jade Cunningham

**Ombudsman**