

The complaint

Mr L has complained that Bank of Scotland plc (“Bank of Scotland”) mis-sold him a fee-paying Silver packaged bank account on 7 December 2012.

Mr L has given a number of reasons why he says it was mis-sold, including that he says he was led to believe that taking out a Silver account would improve his credit score.

What happened

Mr L raised his complaint with Bank of Scotland, and it issued its final response letter on 26 March 2024 and didn’t uphold Mr L’s complaint.

After Mr L referred his complaint to this service, one of our investigators assessed the complaint and they didn’t think that the Silver account had been mis-sold.

Mr L disagreed with the investigator’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 accounts on our website and I’ve used that to help me decide this complaint. I think it may also help to explain that, where matters are in dispute and evidence is lacking, as is the case here, I need to decide what I think most likely happened based on everything that is available. And having considered everything, I’m unable to uphold this complaint.

Mr L says that he was told that having a Silver account would help improve his credit score. Whereas Bank of Scotland says that the type of account held had no bearing on an account holder’s ability to obtain lending, and says that there is no evidence to suggest that its staff said that.

Bank of Scotland has also said that after the sale took place, Mr L had an exit interview – the purpose of which was to ensure that Mr L was happy with how the sale went and that he was still happy with his choice of packaged account. I can see from Bank of Scotland’s records that this interview took place on 20 December 2012.

I’ve considered the competing arguments, but overall, I’ve not seen enough evidence to say that it’s most likely that Mr L was misled into thinking that the Silver account would improve his credit score.

I say this because firstly, Bank of Scotland has provided a document generated from the time of the sale which outlines what was likely to have been discussed during the sale. In this document, the focus of the discussion was mostly about the suitability of the insurance benefits for Mr L's circumstances. Although it does suggest that the overdraft benefit included with the Silver account – which meant that the first £50 of an arranged overdraft was interest free and also fee-free – was also discussed with Mr L. And I can see that Mr L applied for a £50 arranged overdraft around the time of the sale.

So based on everything I have seen, I think it's just as likely (if not more so) that Mr L agreed to the account because at the time, he was interested in the benefits it provided, rather than because thought he had to have it to help improve his credit score. I say this especially as Mr L later went on to open a fee-free current account a couple of years later – so he was clearly aware that he didn't have to have fee-paying account, if he didn't want one, but he still kept the Silver account. I also think that, if Mr L had only agreed to the account to boost his credit score (but didn't actually want the account), then I would've expected Mr L to have downgraded his account to a fee-free account once he'd been able to obtain the credit he wanted. But even though he'd increased his overdraft to £500 by March 2016 and had later taken out a credit card in 2019, he still chose to keep his Silver account for a number of years afterwards. In my view, this suggests that Mr L was attracted to the account's features and was happy to keep paying the monthly fee.

I understand that Bank of Scotland recommended the account to Mr L. And at the time, it cost £9.95 per month. The account included benefits such as European travel insurance, breakdown cover and mobile phone insurance, as well as the overdraft benefit.

Bank of Scotland has provided evidence to show that, during the sale of the account it was identified that Mr L had a mobile phone, travels abroad and drives a vehicle – so the account was recommended as it provided insurance for these items and activities. And although it's the case that Mr L doesn't appear to have needed to claim on these insurance products, Bank of Scotland has provided evidence that Mr L did have a mobile phone, that he occasionally travelled abroad and that he drives a vehicle. Therefore, given all of this, I can't say that Bank of Scotland's recommendation that he applies for a Silver account was unreasonable.

I accept that during the application process, Mr L may not have been told everything about all of the benefits. Although saying that, I can see that some of the important limitations were explained to him – such as pre-existing medical conditions not being covered by the travel insurance. But I also can't see anything specific about Mr L's circumstances at the time that would've put him off from applying for the account, had he been given even more information about it. As such, based on all of the evidence I have seen, I'm not able to say, albeit on balance, that the Silver account was mis-sold.

I appreciate that, Mr L may not have originally intended to open a silver account when he went to discuss his account options with Bank of Scotland. And I also recognise that, perhaps with the benefit of hindsight, Mr L may now feel that the account has not been as good value for money as he initially thought it would be. I'm also aware that the cost and benefits of the account changed over the time that Mr L held it. But none of those points mean that it was mis-sold or that Bank of Scotland was being unfair or unreasonable in selling the account to Mr L when it did.

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 L to accept or reject my decision before 15 November 2024.

Thomas White
Ombudsman