

The complaint

Mr R has complained that Lloyds Bank PLC (“Lloyds”) mis-sold him a fee-paying Platinum packaged account in July 2015.

Mr R has given a number of reasons why he says the account was mis-sold, including that he agreed to the account for the travel insurance, but it wasn’t made clear that he would not be covered for pre-existing medical conditions. Mr R says that he didn’t need the mobile phone insurance or the breakdown cover as his phone and vehicle were provided by his company.

What happened

Lloyds issued its final response letter to the complaint on 9 August 2023 and said that Mr R had complained outside of the relevant time limits regarding his complaint about the sale of his packaged account.

After Mr R referred his complaint to this service, one of our ombudsmen decided that this service *is able* to consider Mr R’s complaint.

One of our investigators then went on to assess the merits of the complaint. But they didn’t think the Platinum account had been mis-sold. As Mr R didn’t agree with the investigator’s conclusions, the matter was referred for an ombudsman’s decision.

I note that Mr R has also complained about the sale of an earlier Premier account. However, as the investigator explained, that is being looked into separately. So I won’t address the sale of that account within this 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. And having considered everything, I don’t uphold this complaint. I will explain why.

I’ve started off by considering whether Mr R was given a fair choice. From what I can see it seems that Mr R previously held a Premier packaged account. But that account was closed in error in May 2015, due to a confusion between Lloyds and Mr R.

However, when Lloyds went to fix matters by opening a new account for Mr R, Premier accounts were no longer on sale. So, to put matters right for that complaint, Lloyds opened the Platinum account for Mr R instead - with that being the package closest to the Premier account, in terms of cost and benefits, in its range of accounts.

So, as the investigator said, there is nothing here to suggest that Mr R thought he had no choice in the matter or that Mr R had to have a fee-paying account. Indeed, it seems that

Lloyds opened the Platinum account for Mr R to provide similar benefits, as far as possible, to what he'd already had on his Premier account.

Lloyds says that the Platinum account was sold on a non-advised basis, whereas Mr R says that the account was sold on an advised basis. Looking at the circumstances of the sale of the account, I don't think it was likely sold on an advised basis. The reason why I say this is because, when the Platinum account was opened, Mr R was not a new customer looking for a new packaged account. Instead, he was an existing customer whose packaged account had been incorrectly closed and could not be reopened.

The evidence I have seen, in particular the email from Mr R's relationship manager, doesn't indicate that Lloyds gave any particular advice to Mr R or recommended the Platinum account to Mr R. Instead, the evidence shows Lloyds chose to open the Platinum account simply because it was the closest account (in terms of cost and benefits) to match Mr R's closed account. There doesn't appear to have been any discussion about Mr R's insurance needs at the time or indeed that a personalised recommendation for the individual insurance products provided by the Platinum account was made.

However, even if I were to say the Platinum account was sold on an advised basis - which would've needed Lloyds to assess Mr R's demands and needs and then to recommend products that were a good fit for Mr R's circumstances - I don't think this changes the outcome of this complaint. I will explain why.

Mr R says that he only had a need for travel insurance, as he regularly travelled across the world. And the Platinum account did provide worldwide travel insurance. Also pre-existing medical conditions weren't outright excluded from cover under the Platinum account cover. Instead, the insurer had the choice to decide whether to cover existing conditions – as is the case with many travel insurance policies provided with packaged accounts. So overall, had Lloyds recommended the Platinum account to Mr R (although I don't think it actually did), I can't say that it would've been unreasonable to do so in the circumstances.

As well as making sure the account was a reasonable fit for Mr R's circumstances, Lloyds also needed to give Mr R all of the important information about the account, and the benefits with it. So that he could check that it was right for him.

Mr R has said that due to his disabilities, as a reasonable adjustment, he needed the member of staff to talk through what the products did and didn't cover, when he opened the Platinum account.

Unfortunately, there is limited information for me to say what exactly was said when the Platinum account was opened. Lloyds' notes from the time say: "*manual forms completed and customer has signed all relevant documents*". So, it's clear that the member of staff did run through *some* documents about the account with Mr R at the time. But Lloyds has not sent us evidence of what those forms were or what was signed.

So, I accept it's possible that Lloyds may not have verbally told Mr R what the limits of the travel insurance policy were. So in turn, I can't be sure if Mr R was made aware of the need to disclose existing medical conditions to the insurer. Because of this, I have considered what detriment, if any, this caused Mr R.

I am unaware of any travel insurance policy on the market that covers all pre-existing medical conditions as standard. It would be unreasonable to expect a travel insurer to accept such risks. Travel insurance policies either offer no cover at all for pre-existing medical conditions or, like this one, require the policyholder to declare certain pre-existing medical

conditions to the insurer who will then decide, with their underwriting guidelines, whether to cover the conditions and, if so, at what extra cost.

Looking at the travel insurance terms and conditions that were in place at the time, they said that:

“You would not be covered... for any claims arising directly or indirectly from:

1. Any Medical Condition You have, or have had, for which You are taking prescribed medication or are waiting to receive, or have received treatment (including surgery, tests or investigations) within the six months prior to opening Your Platinum Current Account or within the six months prior to booking any Trip, whichever is later, unless You have contacted Us and We have agreed, in writing to cover You.”

The policy wording does go on to say that, if the account holder does have any existing conditions, they should call the insurer to declare them. It says that the insurer will then decide whether to cover the conditions, and if it does, whether to do so for an extra premium or for no extra cost. The policy also includes a long list of medical conditions that would be covered as standard, even if they are pre-existing.

But, having considered the above, and everything that Mr R has said, I'm not persuaded that Mr R has suffered financial detriment - if it was the case that the need to tell the insurer about existing medical conditions had not been properly drawn to his attention.

I say this because firstly, Mr R said one of the existing conditions he had was asthma. But according to the terms and conditions of the policy in place at the time, this is a medical condition that the insurer automatically covered for no extra premium, as it was a 'no screen condition'.

In terms of Mr R's other condition – Chronic Obstructive Pulmonary Disease (COPD) – I'm not aware of any travel insurance policy available on the market (either as part of a packaged account or otherwise) that would cover this condition as standard. So, I doubt that Mr R being made aware of such an exclusion during the sale of the account would've automatically put him off from agreeing to the Platinum account. Instead, I think it's likely that he would've still agreed to the Platinum account and then, at some point, called the travel insurer to declare his condition.

It's not clear if the insurer would've agreed to cover the condition for an extra premium, or would've not agreed to cover the condition. But even if the insurer had not agreed to cover the condition, and Mr R had taken out cover elsewhere, I think it's likely that he would've had to pay similar amounts, if not more, than what he did actually pay in Platinum account fees, to get similar cover i.e. annual worldwide multi-trip cover. So I've not seen enough in this case to say that Mr R actually suffered a financial loss.

I note that Mr R says that he was sold a policy that he could not claim on. From what I understand Mr R believes that he was not insured at all, because he'd not declared his conditions to the insurer. But that's not the case. Even without declaring his medical conditions to the insurer, Mr R was still covered for all of the trips he took, for all insured events – including medical related claims – unrelated to any existing medical conditions that he may have had. And finally, I note that, fortunately, Mr R has not had any claims declined as a direct result of his pre-existing medical conditions not being declared to the insurer. So, I can't see that he has suffered an actual financial loss as a result of any failings that may have occurred when the Platinum package was added to his newly opened account.

In addition to drawing Mr R's attention to important exclusions and terms and conditions when the Platinum package was added to Mr R's account, Lloyds also had to send annual eligibility statements to Mr R. I can see that Lloyds sent these to Mr R. Although I can also see that an ombudsman accepted that Mr R's circumstances meant that he likely didn't fully understand the contents of those letters, at least not enough to have made him aware that he had cause to complain about the sale of his account.

But, although Mr R may not have fully understood the contents of those annual eligibility statements, I'm satisfied that Lloyds did what it needed to do to remind Mr R of the need to check that the cover was still right for him, which included informing him of the need to declare any pre-existing medical conditions to the insurer. And ultimately, if it was the case that Mr R wasn't sure what they said, he was free to contact Lloyds to ask it to explain the contents of the letters it had sent to him.

So in summary, I accept that there may have been a shortcoming regarding whether the travel insurance exclusions were made clear to Mr R when the Platinum account was opened. But, I don't think Mr R has suffered any detriment or financial loss as a result of this. So, I don't think it would be fair to say that Lloyds should reimburse Mr R the Platinum account fees that he's paid over the years – especially as he has still benefited from the cover it had and was also able to benefit (on at least one occasion) from the breakdown cover as well.

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 R to accept or reject my decision before 27 December 2024.

Thomas White
Ombudsman