DRN-5127587

The complaint

Mr and Mrs W have complained that Bank of Scotland plc ("Halifax") mis-sold them a fee-paying Ultimate Reward Current Account ("URCA") in 2007.

Mr and Mrs W have given a number of reasons why they say the account was mis-sold. These include that they say they were told that if they wanted any kind of overdraft, they must have an URCA. They also say they were told that by having the URCA, it would improve their credit score and also their chance of getting a mortgage.

What happened

After Mr and Mrs W raised their complaint with Halifax, Halifax issued its final response letter on 20 February 2024 and said that they had complained outside of the time limits set by the regulator.

Following this Mr and Mrs W referred their complaint to this service. One of our investigators assessed the complaint and they concluded that the complaint was not raised outside of the time limits. Halifax accepted the investigator's assessment, but said it didn't uphold the merits of the complaint. Because of this, an investigator assessed the merits of the complaint and they were unable to conclude that the URCA had been mis-sold.

Mr and Mrs W 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 incomplete, I need to decide what I think most likely happened, based on all of the evidence that is available. And having done so, I'm unable to uphold this complaint. I will explain why.

Firstly, I have considered whether Mr and Mrs W were given a fair choice. Mr and Mrs W say that Halifax failed in its duty of care to offer them a fee-free account. However, based on the evidence that Halifax has provided, it seems that Mr and Mrs W's account was a fee-free account before it was upgraded to being an URCA. Also, it seems that they held fee-free accounts alongside the URCA.

So overall, I'm satisfied that they were aware fee-free accounts were available to them, and that they didn't have to have a fee-paying account if they did not wish to do so.

Mr and Mrs W say that they were told that if they wanted any kind of overdraft, they must have an URCA. They say they were also told that by having the URCA it would improve their credit score and improve their chance of getting a mortgage. Conversely, Halifax says that, at the time, the URCA included benefits such as an interest free overdraft of up to £300, and then preferential interest rates charged on overdrawn balances above that amount, up to the agreed limit. The URCA also included benefits such as worldwide family travel insurance, breakdown cover, mobile phone insurance and home emergency cover, alongside other benefits - such as discounts on loans and mortgages and other products such as home insurance.

Halifax has provided evidence to show that, shortly after the sale of the URCA, Mr and Mrs W applied for an overdraft of £1,250, and it looks like the overdraft was used not long after it was added to the account. Halifax has also provided evidence to show that Mr and Mrs W registered a number of phones on the mobile phone insurance and called the travel insurance a number of times to discuss the cover provided. They also look to have taken out home insurance with Halifax not long after the sale, which I understand was something they could get a discount on as a result of having the URCA.

Therefore, on the one hand Mr and Mrs W say they were forced into upgrading their existing fee-free account to obtain an overdraft. But, apart from their recollections of the sale - which took place over 16 years ago, and I'm mindful that recollections can change and fade over time - there is no other specific evidence to indicate what exactly was discussed during the sale of the account. And on the other hand, Halifax has provided evidence that suggests that Mr and Mrs W were able to benefit from a number of features on the account from the outset, including reduced costs when using an overdraft facility than if they held a standard fee-free account.

As such, given the available evidence, I think it's just as likely (if not more so) that Mr and Mrs W agreed to the account because they were told about the benefits on the account and were attracted to them. Rather than it being the case that they were coerced into taking out a financial product that they had no interest in and, as they say, only agreed to because they were given the impression they had little choice in the matter.

Halifax has said that the account was sold on a non-advised basis. Whereas Mr and Mrs W say that the account was recommended to them. Although I've not seen much evidence that suggests the account was sold on an advised basis, even if I thought it was, I still don't think this would mean the account was mis-sold. I say this because, if the account was sold on an advised basis, this means that Halifax would've been required to check that the account was reasonably appropriate for Mr and Mrs W's circumstances at the time. But given that they were able to use and benefit from a number of the benefits included with the account – including mobile phone insurance, travel insurance, as well as the reduced costs to use the overdraft, if Halifax did recommend the account to Mr and Mrs W, I can't reasonably say that such a recommendation was inappropriate in the circumstances. On the contrary, it seems that they were able to make use of some of the benefits of the account. And although they may not have needed *all* of the benefits it came with, this doesn't in itself mean that it was mis-sold. This is because it was sold as a package, therefore Mr and Mrs W couldn't pick and choose what it came with.

As well as making sure the account was a reasonable fit for their circumstances, Halifax was also required to make Mr and Mrs W aware of all of the important information about the account.

Due to the lack of evidence, I can't be sure if Halifax did this. But, at the same time, it's clear that Mr and Mrs W were given at least some information to understand what benefits they would get with the account and how they could go about using them. For example, I can see that they knew how to register a number of mobile phones on the mobile phone insurance. And they knew who to call to check the levels of cover included with the travel insurance.

Also, given that they say they were sold the account to obtain 'any kind of overdraft', I think it's likely that the overdraft features were discussed with them during the sale, and was likely one of the reasons why they agreed to it.

I appreciate that Mr and Mrs W might not have been given all of the important information during the sale. But, overall, I've not seen anything specific about Mr and Mrs W's circumstances at the time that makes me think they would've been put off from agreeing to the URCA, had they been given even more information about it.

As such, given all of the evidence I have considered, I've not seen enough evidence to say that the URCA was mis-sold. I recognise that Mr and Mrs W have held the URCA for a long time, and perhaps with the benefit of hindsight, now feel that it hasn't provided them with good value for money. But that doesn't in itself mean it was mis-sold or that Halifax was wrong to have sold it to them 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 Mrs W and Mr W to accept or reject my decision before 3 December 2024.

Thomas White
Ombudsman