

The complaint

Ms M complains that she was mis-sold her packaged bank account (PBA) with The Royal Bank of Scotland plc (RBS).

The details of this complaint are well known to both parties, so I won't repeat everything again here. Instead, I'll focus on giving the reasons for my 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.

Having done so, I agree with the conclusion reached by the Investigator and have decided not to uphold it for the following reasons:

- We've explained our approach to complaints about PBAs 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, I have to decide what I think most likely happened, based on everything that is available.
- Based on what I know about the account at the time, I understand it cost £9 per month and provided a range of banking and insurance benefits. Included in these benefits, were £250 mortgage cashback, a fee-free overdraft up to £250 and preferential (compared to rates on fee-free accounts) interest rates on overdrawn balances above this amount (up to the agreed limit). It also provided preferential interest rates on loans and credit cards, as well as interest bonuses on savings too.
- Ms M has said her PBA was mis-sold because she was told that she needed to have this account to obtain an overdraft and mortgage. Ms M says she approached the bank for advice after separating from her husband and was aware she'd require lending. She was vulnerable at that time and thinks RBS took advantage of this. She believes this caused her financial difficulties.
- Given this PBA was sold in February 1999, there is very limited evidence about the sale and Ms M's financial circumstances at that time.
- The records show Ms M held a fee-free account with RBS prior to opening the Royalties Gold account and her testimony suggests she was aware fee-free accounts were available. However, her recollections are that she was recommended the PBA and told it was a requirement if she wanted to take out a mortgage or overdraft.
- The records also show Ms M didn't take out a mortgage or an overdraft with RBS until March 2000, over a year later. Which seems at odds with her testimony. But I appreciate Ms M has offered an explanation for this, advising that she approached RBS promptly to start to organise her finances but that it took time to sell her existing property following the separation.
- If I accept Ms M's testimony, then it's of relevance that some of the key banking benefits of this account were the preferential overdraft rate and the mortgage cashback. I don't know if Ms M ultimately received the mortgage cashback as a result of her having the Royalties Gold account. But given Ms M's testimony is that she told RBS she was looking to take out both of these products around that time, I think the prospect of getting a good deal on her mortgage and overdraft would've been

attractive to Ms M, and a strong reason why she agreed to the Royalties Gold account over a standard fee-free account. I say this also noting she already had savings with RBS at that time and so could immediately make use of other benefits such as the interest bonuses too. And I can also see that a £5,000 overdraft had already been approved on the account back in 1997, prior to its conversion to a PBA – whilst I don't know for definite if this overdraft was being utilised when the PBA was sold, it indicates the overdraft benefit may have been of immediate use.

- So, when weighing everything up, I think it's more likely that Ms M agreed to the Royalties Gold account because of the benefits it provided, rather than because she thought she had no choice in the matter.
- I can see that the Investigator said that the account was sold on a non-advised basis, whereas Ms M says that it was recommended to her. However, whilst it's not clear on what basis it was sold, even if I thought that it was recommended to her, I don't think it was necessarily an unreasonable recommendation. In saying this I note Ms M later went on to register for benefits including the mobile phone insurance. But more importantly, I think it's the case that recommending the account for the potential savings Ms M would be able to make on the banking products - that she says she told RBS she was intending applying for - was not unreasonable either.
- Finally, I accept it's possible that RBS might not have given Ms M all of the information about the account when it was first sold to her. But I've not seen anything about Ms M's circumstances at the time that makes me think she would've been put off from agreeing to it, had she been given more information about the account and the associated benefits.

I appreciate this decision will disappoint Ms M and that she doesn't agree with the outcome I've reached here. But taking everything into account, including the comments made following my provisional decision, I don't think that this PBA was mis-sold.

My final decision

For the reasons outlined above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 13 January 2025.

Jade Cunningham
Ombudsman