

The complaint

Miss A has complained that Bank of Scotland plc (“Halifax”) mis-sold her a fee-paying Ultimate Reward Current Account (“URCA”) in December 2009.

Miss A has given a number of reasons why she says the account was mis-sold. These include that she says she was told that if she wanted an overdraft, she’d have to take out an URCA. Miss A also says that she wasn’t made aware of fee-free accounts.

What happened

After Miss A raised her complaint with Halifax, Halifax issued its final response letter on 16 October 2024 and said that it didn’t think the URCA had been mis-sold.

Miss A also complained as she’d wanted to downgrade her account, but was unable to do so. Halifax responded to this complaint and apologised for the difficulties that Miss A had faced. To put things right Halifax paid Miss A £100 for the added distress and inconvenience caused by her being unable to downgrade her account. Halifax also paid Miss A £171 to cover the monthly account fees charged between August 2024 and April 2025.

After Miss A referred her complaint to this service, one of our investigators assessed the merits of the complaint and they were unable to conclude that the URCA had been mis-sold. They also concluded that what Halifax had done to put matters right regarding Miss A wanting to downgrade her account was reasonable.

As Miss A disagreed with the investigator’s assessment, 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, as is the case here, 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 Miss A was given a fair choice. Miss A says that Halifax failed to make it clear that fee-free accounts were available to her. However, based on the evidence that Halifax has provided, it seems that Miss A’s account was a fee-free account before it was upgraded to an URCA. Furthermore, Halifax says that Miss A later opened a separate fee-free account on 22 August 2013, which she held alongside her URCA. So overall, I’m satisfied that Miss A was aware fee-free accounts were available to her in December 2009, and that she didn’t have to have a fee-paying account if she didn’t want one.

Miss A says she was told that, if she wanted an overdraft, she would need to take out an URCA. To help me decide this complaint, Halifax has provided a history of Miss A's overdraft limit. From the evidence provided, I can see that Miss A first had a £250 overdraft when she first opened a fee-free account with Halifax in 2008. Miss A then successfully applied for this to be increased to £300 on 21 January 2008 i.e. before Miss A upgraded her account to an URCA. Halifax says that Miss A's overdraft limit then didn't change around the time she upgraded her account or afterwards. So based on the evidence I have been provided with, I can't reasonably conclude that Miss A was led to believe she needed an URCA for an overdraft, when she already had an overdraft, and had been able to increase the limit when she held a fee-free account.

When the URCA was sold to Miss A, it cost £12.50 a month. But as she was able to pay over £1,000 per month into the account, she received it for £7.50 per month. One of the benefits it provided at the time was a charge-free overdraft facility of up to £300. So this would've covered the entire amount of Miss A's arranged overdraft when the account was sold to her.

However, around the time the URCA was sold to Miss A, Halifax had recently changed how it charged its customers to use their overdraft. In summary, Halifax went from charging interest when an account went overdrawn, to charging a fixed amount of £1 for every day the account remained overdrawn (although this fixed daily fee could've been even higher, depending on how overdrawn the account became). This change in how Halifax charged its customer to use their overdraft came into effect on 6 December 2009 – so just prior to when Miss A upgraded her account to an URCA.

The overdraft benefit that came with the URCA meant that, in return for paying the monthly URCA fee, Miss A wouldn't have to pay the £1 daily overdraft usage fee that would've applied to her account, had it remained as a fee-free account - providing she remained within her £300 limit. So essentially, as the URCA cost Miss A £7.50 per month, it'd work out cheaper for Miss A to have the URCA if her account was overdrawn for 8 days or more each month, then if she had taken out a fee-free account and paid the £1 daily overdraft usage fee instead. And looking at Miss A's statements from the time, it does seem that Miss A's account regularly went overdrawn each month. So overall, I think it's more likely that Miss A agreed to the account because she was attracted to the overdraft benefits it came with, rather than because she was led to believe it was the only option available to her.

Halifax has said that the account was sold on a non-advised basis. Whereas Miss A believes that the account was recommended to her. I've not seen much evidence that suggests the account was sold on an advised basis. But 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 Miss A's circumstances at the time. But given that Miss A was able to use and benefit from the overdraft benefit that it came with, I can't reasonably say that such a recommendation was inappropriate in the circumstances.

As well as making sure the account was a reasonable fit for her circumstances, Halifax was also required to make Miss A aware of all of the important information about the account. This was so she could make an informed decision about whether to upgrade and understood what benefits it came with and how to use them.

Due to the lack of evidence available from 2009, I can't be sure if Halifax did this. But, at the same time, there is evidence that Miss A was issued with a welcome pack around the time

the account was sold to her. And, given that Miss A says she was sold the account to obtain an overdraft, I think it's likely that, at the very least, the overdraft features were discussed with her during the sale, and was likely one of the reasons why she agreed to it.

I appreciate that Miss A might not have been given all of the important information during the sale. But, overall, I've not seen anything specific about Miss A's circumstances at the time that makes me think she would've been put off from agreeing to the URCA, had she been given even more information about it. I appreciate that Miss A might not have had much of a need for the other benefits included with the account. But as it was sold as a package, Miss A was unable to pick and choose what it came with.

So taking everything into account, I'm unable to say that the URCA was likely to have been mis-sold.

Finally, I note that Miss A had difficulties in downgrading her account to a fee-free account. In response to this, Halifax apologised and acknowledged it should've provided better support to help Miss A change her account. To put matters right, Halifax refunded the packaged account fees charged since August 2024 and also paid a further £100 to apologise for the failure to assist Miss A.

Having considered everything, it's clear that Halifax accept it didn't get things right in terms of Miss A's attempts to downgrade. And given all of the difficulties that Miss A is unfortunately facing, I think that it was fair that the extra £100 compensation was paid to her, to reflect the added distress that this matter has clearly caused her.

So, I think that Halifax has, in responding to Miss A's complaint, taken reasonable steps to put things right for Miss A, concerning the difficulties she faced in downgrading her account.

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 Miss A to accept or reject my decision before 4 June 2025.

Thomas White
Ombudsman