complaint

Mr L has complained that Barclays Bank Plc (“Barclays”) mis-sold three packaged bank accounts to him.

background

Barclays told us Mr L upgraded his fee-free account to an Additions packaged account in branch in 2001. He upgraded again to an Additions Plus account in 2005 and later to a Premier Life account. The packaged accounts offered a number of benefits for a monthly fee.

Mr L told us he “*actually received no material benefit from the accounts, paid similar levels of fees, and was unable to take advantage of the incidentals that came with the package*”.

My initial conclusions about this complaint are set out in my provisional decision dated December 2015. An extract from my provisional decision is attached to, and forms part of, my final decision.

I said I wasn’t intending to uphold Mr L’s complaint that the Additions account and the Premier Life account were mis-sold. But I was intending to uphold his complaint that his Additions Plus packaged account was mis-sold and directing Barclays to pay him fair compensation.

I asked Mr L and Barclays to send me any further information they wanted me to consider before I made my final decision. Mr L says he has nothing further to add and he accepts my provisional findings. Barclays has also told us it accepts my provisional decision.

my findings

I’ve considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr L and Barclays have both told us they accept my provisional findings. So for the reasons I’ve explained in my provisional decision and as set out below, I am upholding Mr L’s complaint about the sale of the Additions Plus account. But I don’t uphold his complaint that the Additions and Premier Life accounts were mis-sold.

fair compensation

Barclays should put Mr L back in the financial position he would've been in, if he'd remained on his existing Additions account, and not upgraded to the Additions Plus account in 2005.

Barclays should:

- refund and pay to Mr L the difference between the fees he paid for the Additions Plus account and what he would've paid if he'd remained on the Additions account; and
- refund the interest paid by Mr L (at the overdraft rate he paid) on each of the differences in account fees from the date of payment to the date of settlement.

Barclays should also set out in writing to Mr L how it has calculated the compensation payable.

my final decision

For the reasons I've explained, I don't uphold Mr L's complaint that the Additions account and the Premier Life account were mis-sold.

But I do uphold Mr L's complaint that his Additions Plus packaged account was mis-sold and I direct Barclays Bank Plc to pay him fair compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 February 2016.

Sharon Parr
ombudsman

Extract from my provisional decision

my provisional findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I think the relevant issues to take into account are the same as those set out on our website about our approach to complaints about packaged bank accounts.

There's very little information about what happened when the packaged accounts were sold to Mr L. So I've looked at the information I do have, as well as what Mr L and Barclays have told me. Where evidence is missing or Mr L and Barclays disagree, I've thought about what's *most likely* to have happened, in the circumstances of this case.

I'm currently intending to uphold Mr L's complaint about the sale of the Additions Plus account. But I'm not intending to uphold his complaint that the Additions and Premier Life accounts were mis-sold. I'll explain why.

Mr L had previously had a fee-free account with Barclays. He's told us he upgraded his account each time because he was aware of the preferential overdraft facilities. He's also said he didn't know he could decline the upgrades and he felt he would lose his overdraft. But he's not explained what Barclays said or did which made him feel he had no choice about any of the upgrades. Overall, I think it's likely Mr L knew he could have a fee- free account and that he had a choice about changing his account each time.

It doesn't seem that Barclays gave Mr L personal tailored advice about the accounts. I've not seen anything which makes me think there was a detailed discussion about his needs and personal circumstances at any of the upgrades. So Barclays didn't have to check if the accounts were suitable for Mr L. But Barclays did have to give Mr L clear enough information each time so he could decide whether each packaged account was right for him. From what I've seen, I think it's likely Mr L was generally aware of what the accounts offered and how they worked. Mr L has told us he "*couldn't take advantage of the incidentals*" but he's not explained why this was the case. And I've seen nothing about his circumstances which might to suggest that he couldn't generally have used the benefits of each account.

From what he's said, I think Mr L took the packaged accounts because he thought he would save money on his overdraft. I've reviewed Mr L's bank statements and I think he did benefit from the preferential overdraft offered by the Additions account. He doesn't seem to have wanted or used any of the other benefits of this account. But I don't think these other benefits mattered to him, and he's told us he wanted the account because of the interest free overdraft facility. So I don't think further information about the other benefits would have made a difference to his decision about the Additions account.

Mr L upgraded to the Additions Plus account in 2005. As far as I understand, there was no significant difference between the preferential overdraft on the Additions and Additions Plus accounts at that time. The main difference between these accounts at the time seems to have been travel cover – and I can't see anything which suggests Mr L realised this or particularly wanted travel cover. It looks to me as though what was important to him at the time was the preferential overdraft and he already had access to this on his existing Additions account. So I don't think Mr L would have agreed to pay more to have the Additions Plus account if he'd had clearer information about it.

Barclays says Mr L made a claim on the car breakdown cover in early 2010. Mr L disputes this and says he didn't have a driving licence or a car at the time. I can't be sure what happened but it doesn't seem to me that Mr L upgraded to the Additions Plus account because he was interested in car breakdown cover. And in any event, I understand that by 2005, when Mr L upgraded, this cover was available with the Additions account. So even if Mr L had wanted car breakdown cover, he didn't need upgrade to the Additions Plus account in order to access this benefit. Taking everything into account, I think the Additions Plus account was mis-sold to Mr L. I think it's more likely he would've remained on the Additions account until he later decided to upgrade to the Premier Life account, in order to continue to benefit from the preferential overdraft.

In 2010 Mr L upgraded to a Premier Life account which offered a £1,000 interest free overdraft facility and preferential rates thereafter. I think that the potential reduction in the overall cost of his overdraft was what persuaded Mr L to upgrade his account. I have reviewed his bank statements and I can see that shortly after he upgraded to the Premier Life account he was frequently overdrawn by £1,000 or more. This suggests to me that he was aware of the Premier Life's preferential overdraft and decided to take this account because he thought this benefit would be useful to him.

It seems that overall, Mr L thinks the savings he's made on the cost of his overdraft by having the Additions and the Premier Life accounts weren't big enough to offset the extra cost of these accounts. I appreciate that with hindsight Mr L might feel the accounts weren't value for money. But for me to uphold his complaint in full, I would have to find that Barclays did something wrong when it sold him the Additions and the Premier Life accounts, and that he has lost out because of this. From what I've seen, I think Mr L chose to upgrade his account each time and in the circumstances, it's also likely he would have been aware of the cost of these accounts. He seems to have benefited from the preferential overdraft facility on each of these two accounts and I think he was also aware the accounts offered some other benefits - even if these benefits didn't really interest him at the time. I think it was up to Mr L to decide if the accounts overall were right for him. And just because he might not have used all the benefits, doesn't mean that the Additions or the Premier Life accounts were mis-sold to him.

In summary, and for the reasons I've explained, I am not currently intending to uphold Mr L's complaint that the Additions account and the Premier Life account were mis-sold.

But I am intending to partly uphold his complaint about the Additions Plus account and directing Barclays to pay him fair compensation.

fair compensation

Barclays should put Mr L back in the financial position he would've been in, if he'd remained on his existing Additions account, and not upgraded to the Additions Plus account in 2005.

Barclays should:

- refund and pay to Mr L the difference between the fees he paid for the Additions Plus account and what he would've paid if he'd remained on the Additions account; and
- refund the interest paid by Mr L (at the overdraft rate he paid) on each of the differences in account fees from the date of payment to the date of settlement.

Barclays should also set out in writing to Mr L how it has calculated the compensation payable.

my provisional decision

I am not currently intending to uphold Mr L's complaint that the Additions account and the Premier Life account were mis-sold.

But I am intending to partly uphold Mr L's complaint that his Additions Plus packaged account was mis-sold and directing Barclays Bank Plc to pay him fair compensation as set out above.

Mr L and Barclays should send me any further information they want me to consider by 8 January 2016. I will take their comments into account before making a final decision.

Sharon Parr
ombudsman