

complaint

Ms N has complained that Bank of Scotland plc (trading as Halifax) mis-sold her a packaged bank account and that she's had to pay additional overdraft charges as a result.

background

Ms N's free current account with Halifax was upgraded to an Ultimate Reward Current Account (URCA) in September 2010. Ms N paid a monthly fee for this account which offered several benefits in return.

Halifax accepted that it could have done things better when it sold Ms N the account and so refunded the packaged account fees Ms N paid plus 8% interest.

But Ms N feels that Halifax should also refund some arranged and unarranged overdraft charges she paid as well. She thinks that these charges were a result of the packaged account.

An adjudicator looked into Ms N's complaint but didn't think that Halifax needed to refund the additional charges. Ms N was unhappy with this and so asked for an ombudsman to look into her complaint and decide the outcome.

my findings

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

Halifax has already accepted that it's most likely something went wrong when the URCA was sold and has given Ms N a refund in line with our guidelines. I now need to decide whether or not it should also refund the additional overdraft charges Ms N's account incurred when she held the URCA.

Ms N has told us that the overdraft charges she incurred on her account increased significantly after she was pushed into taking the URCA. She's compared the charges she received in 2009 to 2010.

I think it would be helpful to explain that Halifax changed how it charged its customers for using an overdraft in December 2009. From this point, Halifax customers were charged £1 a day for using an arranged overdraft of up to £2,500. And for an unarranged overdraft they were charged £5 a day. So, it looks like even before Ms N's account was upgraded to the URCA, the way she was charged for using an overdraft on her account had changed and may have increased.

Before Ms N took the URCA her account had an arranged overdraft of £560 – and this remained the same after the upgrade. I've looked through Ms N's account statements and can see that on two occasions (in October 2013 and June 2014) the URCA fee itself caused the account to go overdrawn by more than the agreed limit, incurring the higher £5 a day charge. The bank has agreed to refund these unarranged overdraft charges totalling £10. But apart from these two occasions, I don't think that the URCA fee itself caused Ms N's account to incur unarranged overdraft charges.

Ms N has said that when she told the bank she didn't want to accept the new overdraft charging structure she was told she couldn't leave the bank without repaying her overdraft in full straight away, and was also pushed into taking the URCA. Ms N said she was significantly overdrawn at that time and so wouldn't have been able to pay back the overdraft. But from looking at Ms N's account statements at the time of the upgrade it doesn't look like she was significantly overdrawn. So I'm not persuaded by what she's said on this point and that the bank prevented her from closing her account when she found out about the new charging structure.

When Ms N's account was upgraded to the URCA it cost £12.50 per month. The £1 daily overdraft fee that was payable on free accounts was waived with the URCA if the customer kept their overdraft balance within £300. So if a customer did keep within a £300 overdraft for over 12 days a month it was cheaper to have an URCA than to have a free account.

Having looked through Ms N's statements I do think she benefited from holding the URCA and saved money because there were times when she used her overdraft a lot. I understand why Ms N doesn't feel this way, especially as she has gone through a tough time financially and with her health, and felt pushed into taking the packaged account.

I know my decision will disappoint Ms N and I'm sorry for this. But having considered everything I'm not persuaded that the bank should refund all the charges Ms N wants it to.

my final decision

For the reasons I've explained, I don't think Bank of Scotland plc needs to refund all the overdraft charges applied to Ms N's packaged account.

But I do think Bank of Scotland plc should, as it's agreed to do, pay Ms N £10 to refund the charges that were a result of the packaged account fee alone.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 11 April 2016.

Lauren Long
ombudsman