

complaint

Mrs M complains that Bank of Scotland plc (trading as Halifax) mis-sold her a packaged bank account.

background

Mrs M opened a free account with Halifax in April 2002. This then changed to an Ultimate Reward Current Account ("URCA") in November 2009.

Mrs M says she was told by Halifax that her standard current account would no longer be available to her and that if she wanted to keep her £100 overdraft facility, she would need to upgrade to the URCA. She also says she was told that changing to the URCA would be in her best interests.

Mrs M's complaint has been assessed by one of our adjudicators. He recommended that it shouldn't be upheld. Mrs M disagrees and has asked, as she is perfectly entitled to, that the complaint be decided by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken into account the law, any relevant regulatory rules and good industry practice at the time the account was sold.

At the outset, I want to say that I've got no doubts that Mrs M given us her complete and honest recollections of what happened when she upgraded her account. But I'm mindful that the events she has told us about took place many years ago, and over such a long period of time, even the most careful memories can and do fade. Where there are differences between what Mrs M and Halifax think happened, I have needed to use the balance of probability in reaching my decision – or, in other words, what I think is more likely to have happened.

I am aware that in December 2009, shortly after Mrs M upgraded, Halifax changed the charging structure on its overdraft facilities. At this time, it introduced a £1 daily charge to any of its consumers using an overdraft facility with a standard current account. At this time Halifax also changed the overdraft benefit offered with the URCA, in that account holders didn't need to pay the daily fee for overdrafts of up to £300.

I think this is important as the overdraft changes that were due to take place are likely to have formed part of the conversation between Mrs M and Halifax at the time her account was upgraded. I also think, having listened to what both parties have told me, that there may have been a discussion about what these changes meant for Mrs M and the benefits that the URCA offered.

Mrs M recalls being told that if she didn't upgrade, she would lose her free overdraft. But even before the changes to Halifax's charging structure, Mrs M would have incurred a charge of some sort if she had been using her overdraft facility with her standard current account – and I can see that she had paid interest whenever she used her overdraft. So I don't think it's likely that Halifax told her that unless she upgraded she would lose her free overdraft. Instead I think it would have highlighted the fee-free overdraft facility of up to £300

that the URCA offered, explaining that so long as Mrs M stayed within her £100 planned limit, she wouldn't incur the £1 daily overdraft charge.

Mrs M has said she was in a poor financial situation around the time of the sale and had little income to justify paying a monthly fee. But although I would accept that she didn't have much spare money, she seems to have managed her account carefully. And although she used her overdraft occasionally it doesn't seem that it was something that was critical to her finances. So I'm not persuaded that she'd have thought her that her overdraft was so important that she would've agreed to pay a monthly fee to keep it.

So, overall, whilst I agree that there may have been some discussions about Mrs M's fee-free current account and the overdraft that she held with it, I don't feel that this in itself is enough to suggest that Halifax told Mrs M that her account would no longer be available and that she needed to upgrade if she wanted to keep her overdraft facility.

Mrs M has said that Halifax recommended the account to her because she feels she wasn't given any choice. But Halifax says that its sales process at the time would have been to just give Mrs M information about the account and let her decide whether she wanted it.

In looking at the information, and Mrs M's recollections, I haven't seen anything to suggest that Halifax gathered the sort of information about Mrs M's circumstances that it would need to in order to make a tailored recommendation. So on balance I think it most likely that the account was sold on an information only basis. That means that Halifax didn't need to make sure the account was suitable for Mrs M's needs – that was essentially a decision she needed to make for herself.

I don't know the ins and outs of Mrs M's circumstances at the time in detail and so I won't make assumptions around what benefits she may have wanted or needed. But she hasn't told me that she *couldn't* have used any of the benefits that were on the accounts at the time of the upgrade if she'd wanted to. And over the years she does seem to have used some of the benefits of the account. For example she didn't pay the daily fee when she went overdrawn and she registered her bank cards and mobile phone for the insurance products included with the account.

When her account was upgraded, Halifax should have given Mrs M some information about the account so she could check whether it was right for her. It's possible that Halifax didn't do enough in this regard. But I've not seen anything that would make me think that Mrs M would have reached a different decision even if Halifax had told her everything.

So overall I think that Mrs M most likely chose to take the account, knowing that she didn't have to. So I haven't found that Mrs M has lost out because of something that Halifax did anything wrong when it sold this account to her. It follows therefore that I don't uphold this complaint.

my final decision

For the reasons given above, I do not uphold the complaint or make any award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs M either to accept or reject my decision before 25 January 2016.

Paul Reilly
ombudsman