

## **complaint**

Mr H says he was mis-sold a packaged bank account – known as a Silver Added Value Account (“AVA”) – by Lloyds Bank PLC (“Lloyds”) in 2010. He says, in summary, that:

- he wasn’t offered a fee-free account – he felt pressured into taking the Silver AVA and thought he had to have a packaged account;
- the account benefits weren’t explained; and
- none of the benefits were of use to him – he didn’t need mobile phone insurance or travel insurance because he had alternative cover in place, and he didn’t need the car breakdown cover because he doesn’t drive.

Mr H is also unhappy about Lloyds’ process for downgrading to a fee-free account. That issue is being considered by us separately. So I won’t comment on it in this decision.

## **background**

Mr H complained to Lloyds in September 2014 about the sale of the Silver AVA. But Lloyds didn’t uphold the complaint because it didn’t think the account had been mis-sold.

Our adjudicator didn’t uphold the complaint either. She thought Mr H knew fee-free accounts were available, and he was probably attracted to some of the account benefits.

Mr H disagreed with this. He told us, in summary, that:

- his only free account in the past was with a building society turned bank;
- Lloyds didn’t treat him fairly – it didn’t offer him a free account or ask if he needed the insurances that came with the account; and
- he only tried to use the car breakdown cover because this was suggested by a friend – he was told he wasn’t covered for home call outs unless he upgraded for £90 (this is available elsewhere for as little as £55).

## **my findings**

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 how we handle complaints about packaged bank accounts on our website. And I’ve used that approach to help me decide this complaint.

I don’t think Lloyds mis-sold this packaged account to Mr H. So it doesn’t owe him any compensation. I’ve explained why below.

Mr H says he felt pressured into taking out a Silver AVA, and that he thought he had to have a packaged account – he says he wasn’t offered a fee-free alternative.

I’ve considered this carefully. But I’m not persuaded Lloyds did pressure Mr H into taking out this account. And I think he probably was aware that he could’ve had a fee-free account instead. I say this for the following reasons:

- Other than saying he wasn't offered a fee-free alternative, Mr H hasn't given any specific detail about why he felt under pressure to take out this account.
- He hasn't said the Lloyds representative told him about any repercussions of *not* taking out the Silver AVA as they might have done if they were attempting to pressure him.
- He had a fee-free account before he took out this packaged account. So I think he probably would've known that he didn't *have* to take out a packaged account with Lloyds. I know he's told us this fee-free account was with a building society turned bank. But I don't think that makes any difference. I think he would still have known that paid-for accounts weren't the only option available to him and that free accounts were widely available.

I also note that Mr H paid a reduced fee for the first few months he had the account – £3.00 instead of the usual monthly fee of £7.95. It's likely he was offered this as an incentive to take the account. Overall, I think Mr H was given a fair choice when he agreed to take out the Silver AVA and that he did so because he was attracted to something about it.

I've next considered whether Lloyds advised/recommended Mr H into taking this account, or if it just gave him information about the account for him to consider.

Whilst Mr H says he was pressured into taking out this account, he also says, in our *packaged bank account: consumer questionnaire*, that Lloyds *didn't* give him advice or make a recommendation to him. And whilst Lloyds hasn't specifically said whether it gave advice, having read what it's said about this sales process, it seems to be focussed more on the information it says it gave Mr H to allow him to choose whether he wanted the account.

So as it appears no advice was given, Lloyds didn't have to make sure the packaged account was suitable for Mr H – it only had to give him enough information to make an informed decision about whether to take it out. So I've considered what information was given to Mr H at the time.

Mr H says none of the account benefits were explained to him. But Lloyds disagrees. It says its sales procedure included an explanation of the account benefits and monthly fee, and that Mr H would have been given a Welcome Pack setting out the benefits in more detail.

I've read the copy of the Welcome Pack which Lloyds says would have been sent at the time. And I agree that this sets out the benefits of the account. I think even a brief review of the pack would've made the reader aware there were account benefits and what they were.

Lloyds has also provided an extract from a 'Your Personal Summary and Our Recommendations' ("YPSOR") document which it says was completed at the time this account was sold. This document suggests Mr H knew, at the very least, that the account provided mobile phone cover (something he says he didn't need) and that this was actually the reason he wanted the account:

*You have said that this cover is required for your mobile phone.  
Registration is required. You are aware of the benefits of mobile phone  
insurance and the significant exclusions have been explained.*

It's worth adding that I don't think this YPSOR document, in itself, means a recommendation was made to take out this account – as I've already explained, both Mr H and Lloyds suggest this isn't what happened and that no advice or recommendation was made.

Lloyds has also given us a copy of a terms and conditions document completed at the time of sale. This mentions the travel insurance that came with the account (another of the benefits that Mr H specifically says he didn't need), and it has a checklist to confirm Mr H received, amongst other things the Welcome Pack and YPSOR document. I see that Mr H has signed immediately underneath the checklist to confirm receipt of these documents.

I know Mr H says he had existing cover in place at the time, and that he's taken out separate mobile phone and travel insurance policies which effectively duplicated the account benefits. And I accept that *might* suggest a lack of knowledge of those benefits. But I don't think I can reach that conclusion here. I think it's likely that the main benefits of the account were explained to Mr H because they are likely to have made the account more attractive. And the documents from the time of sale suggest the benefits were explained to him (and that one of those benefits – the mobile phone cover – was actually his reason for taking the Silver AVA).

I also note that Mr H's bank statements suggest he travelled to Europe a few weeks after he opened the account. So I think he could've used the travel cover provided through his new bank account. I'm not aware of anything about Mr H's circumstances which would've meant he couldn't have relied on his Silver AVA travel insurance. So if he took out duplicate cover or didn't cancel his existing cover after taking out this account that was ultimately his responsibility.

I'm also mindful that Mr H attempted to use the breakdown cover in 2013, which further suggests an awareness of the account benefits (although I accept he's told us he only tried to use this benefit on the recommendation of a friend).

Mr H also had the benefit of receiving higher interest rates on his savings. I see that shortly after he opened his Silver AVA he also opened a savers account into which he deposited quite large sums. And a few months later this became an Advantage Saver account. This was available to Silver AVA holders and paid them better interest rates on their savings.

Taking all of this into account, it seems to me that Mr H was probably aware of the various benefits that came with this packaged account and that he was attracted to the mobile phone insurance benefit at the very least (the additional benefits and reduced fee may well have made the account seem even more attractive to him).

I know Mr H may not feel like he's made much use of the Silver AVA and its benefits. But I don't think that's a reason to say it was mis-sold. Ultimately it was Mr H's choice whether to take out this account based on the information Lloyds appears to have given him. And whilst I'm open to the possibility that Lloyds may not have told Mr H *everything* about the benefits, I don't think he would have made a different decision about taking the account even if he had been given better information.

### **my final decision**

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 26 October 2015.

Kevin Wright  
**ombudsman**