

complaint

Mr W complains that Barclays Bank Plc mis-sold him two packaged bank accounts. The earlier sale was of the First Additions account in 2006 and the later one was the Additions Active account in 2012. He is represented by a claims management company (CMC) in this complaint.

background

Mr W had held a free account with an overdraft facility for several years before the upgrade to the First Additions account in 2006. This was upgraded to the Additions Active account in January 2012 and downgraded back to a free account in October 2012.

Through his CMC Mr W complained to Barclays that it had mis-sold him the packaged accounts. It didn't agree so he brought the matter to this Service.

One of our adjudicators has already looked into Mr W's complaint. He didn't think that Barclays had mis-sold the First Additions account. But he recommended that it pay Mr W some compensation for the sale of the Additions Active account. He thought Barclays hadn't done everything it should have done when it recommended the more expensive account. So he asked Barclays to return Mr W to the position he would've been in if the Additions Active account hadn't been taken. In other words he recommend that Barclays refund the difference in fees between the First Additions account which our adjudicator thinks Mr W would've kept and the Additions Active account he took. He also asked Barclays to pay some interest.

Barclays agreed to pay Mr W compensation in line with our adjudicator's assessment. But Mr W doesn't accept that – he wants a full refund of all the packaged fees he paid over the years. So the case has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As Barclays agrees with our adjudicator in respect of the sale of the Additions Active account in 2012, I don't need to look into that sale. But I do have to look into the sale of the First Additions account and whether the compensation recommended by our adjudicator is fair.

At the outset I want to say that I don't doubt Mr W has provided his honest recollections. But I'm mindful that memories can and do fade over time. And where the evidence is unclear or there are conflicts between what the parties tell us, I make my decision based on the balance of probabilities. In other words I look at what evidence we do have and the surrounding circumstances to help me decide what is more likely to have happened. Mr W says he felt pressured to take the packaged accounts and recalls he was encouraged by Barclays to upgrade because of a link with his student overdraft. Barclays has provided Mr W's banks statements going back to 1999. I can see that before the first upgrade he had a free account and an overdraft facility – which he used quite extensively. So I think he knew he could have a free account and that he could have an overdraft facility on that free account.

I don't know exactly what happened when Mr W upgraded to the First Additions account – there is a fine line between encouragement and pressure when selling accounts such as these. But given that Mr W himself uses the word “encouraged”, I think he was aware he didn't have to upgrade. And I'm not able to safely conclude that Barclays led him to conclude that he had no option but to do so. So I think Mr W chose to take the packaged account because there was something about it which he thought might be useful.

It seems that Barclays recommended the First Additions account to Mr W in 2006. So it had to take steps to ensure that it was appropriate for him. At that time it cost £5 per month and the benefits were relatively modest. For example it offered mobile phone insurance and card protection. But it didn't offer benefits such as travel insurance or car breakdown cover. It did provide a preferential overdraft facility. This meant that the first £100 of overdraft usage was interest free and there was a preferential interest rate charged above that.

I mention above that Mr W used his overdraft quite a lot and his facility was around £3,500 in 2006. So I think the preferential terms of the overdraft provided by the First Additions account are likely to have been something Mr W would have thought attractive. He did go on and benefit from those preferential terms. And I haven't seen enough to persuade me that there was anything about any of the other benefits which meant that the account was an inappropriate recommendation.

Barclays also had to give Mr W enough clear information about the account so he could decide for himself whether it was what he wanted. I'm open to the possibility that Barclays may not have told Mr W all the details about the benefits it should have done. But I don't think that there was anything which it may have failed to tell him which would've led him to a different decision about upgrading. And whilst Mr W may not have wanted or used all the benefits this doesn't mean that the Additions Active account was mis-sold – packaged accounts are rarely tailored to an individual. So in my experience it's rare for a customer to have found every benefit useful.

Taking everything together I'm not persuaded that Barclays did anything so significantly wrong in 2006 that I can conclude the First Additions account was mis-sold.

I'll now turn to the compensation which Barclays should pay to Mr W arising out of the sale of the Additions Active account in 2012. I agree with our adjudicator and think that if Mr W hadn't upgraded to the Additions Active account he would still have kept the First Additions account. Both accounts provided a similar preferential overdraft benefit. And I can see that Mr W continued to use his overdraft to a significant degree so I think he would've kept the First Additions account to benefit from the preferential terms. Therefore I require Barclays to pay compensation as outlined by our adjudicator and in line with what Barclays offered after it received his assessment.

fair compensation

I require Barclays Bank Plc to pay Mr W fair compensation by refunding the difference between the fees he paid for his Additions Active account and the cost of the First Additions account together with interest on each of these amounts at a rate of 8% simple per year[†] from the date of payment of each Additions Active account fee to the date the compensation is paid.

[†] HM Revenue & Customs requires Barclays Bank Plc to take off tax from this interest. It must give Mr W a certificate showing how much tax it's taken off if he asks for one.

my final decision

My final decision is that I partially uphold Mr W's complaint. I don't uphold his complaint about the sale of the First Additions account in 2006. But I require Barclays Bank Plc to pay him fair compensation as set out above in relation to the sale of the Additions Active account in 2012. I make no other award against Barclays.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 19 February 2016

EJ Forbes
ombudsman