

complaint

Mr K complains he was mis-sold a packaged bank account by Lloyds Bank PLC.

background

Mr K opened a free account with Lloyds in December 1985. Lloyds can't say for sure when the account was upgraded to a packaged bank account. But Mr K's statements show it was a packaged bank account by August 2001.

Mr K complained he'd been pressured to take out the packaged bank account. He says he was told he needed to refinance and in order to have a new loan he needed to take out a packaged bank account.

The adjudicator didn't recommend the complaint be upheld. Mr K didn't agree, so his complaint's been passed to me for a 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. Having done so, I haven't upheld Mr K's complaint.

I appreciate Mr K feels strongly that he was pressured into taking out the packaged bank account and was wrongly told he needed to have it. I've thought about this carefully and I accept it's possible this is what happened. But where I can't be sure what happened, I have to decide what I think is most likely. Taking everything into account here, including the fact he'd held a number of loans in the past with a free account, I think it's most likely Mr K knew he had a choice about taking out the packaged bank account. And I think he chose to do so because he was attracted to some of the benefits it came with.

Because I don't know exactly when Mr K upgraded, I can't be sure what all the benefits were at the time. But one of the main benefits of this type of account around that time was that it came with a preferential overdraft. And from the earliest statements of Mr K's that are available, it seems this was something he was using.

The other main benefits added at various times before August 2001, were travel insurance and preferential loan rates. Although I note Mr K's comments about not travelling, he told us on his questionnaire that he had duplicate travel insurance and travelled in the UK/Europe occasionally. If these were benefits at the time Mr K upgraded, then on the face of it, they were both potentially attractive to him. And I can see he did take out a loan at a preferential rate because of holding the packaged bank account in February 2003.

Both Lloyds and Mr K say the sale was an advised sale. Mr K says Lloyds didn't assess the suitability of the packaged bank account for him and I accept this may be the case. And although I think it probably told him what the main benefits were to make it attractive to him, I accept it may not have told him everything it should've about those benefits.

But where I identify possible shortcomings in the sale, I then have to decide what Mr K would've done if everything had happened as it should. I know this will come as a disappointment to Mr K, but taking everything into account, I think he would've still taken out the packaged bank account.

I say this because, as set out above, I think there was at least one of the main benefits he was attracted to (and possibly others depending on the date of the sale). And looking at the other benefits, they all seem to have been things he could've used. I note Mr K's comments about not having registered for, or made any claims under, the benefits. But I think the main benefits he was attracted to were the banking benefits – which didn't require registration and which he did use. It doesn't seem as though the travel insurance required registration. And I note that just because a consumer doesn't claim under insurance benefits, doesn't mean they haven't been used or aren't potentially useful or suitable.

Mr K has said the packaged bank account wasn't affordable. But looking at the earliest statements that are available for his account, it seems as though it was affordable when he took it out.

Mr K has said the car breakdown cover and mobile phone insurance weren't useful to him. But these were added later. And in my experience, businesses usually tell customers when new benefits are added as they make the package more attractive. And although I note Mr K's comments about Lloyds not assessing the ongoing suitability of the packaged bank account for him, I'm satisfied that was for Mr K to do himself.

Mr K's made a number of comments during this complaint about the loans that Lloyds gave him and whether or not they were affordable. If he's unhappy with the loans he was given, he might want to consider making a separate complaint about that.

my final decision

My final decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 March 2016.

Laura Layfield
ombudsman