

complaint

Miss M has complained about the sale of her packaged bank account by Ulster Bank Ltd.

background

Miss M says her packaged bank account was mis-sold because she wasn't advised as to what it entailed; didn't receive information about it; and doesn't think it has been beneficial for her overall (though she accepts she received a preferential overdraft rate as a result). Miss M explains that she purchased duplicate travel insurance whilst holding the account, so hadn't been using the cover that came with it. And she says she only registered her mobile phone (for insurance) last year, as she wasn't previously aware of this benefit. She says she's never claimed under any of the benefits or insurance policies linked to the account.

Our adjudicator rejected this complaint. He felt Ulster Bank ('the bank') gave Miss M a fair choice to upgrade from the free account she previously held; and better information about the packaged account was unlikely to have made a difference. The adjudicator concluded that some of the benefits were probably attractive to Miss M at the point of upgrade – and, indeed, were used by her (eg, the favourable overdraft rate, discounted travel services, etc).

Miss M's representatives have appealed, saying (amongst other things) that:

- She wouldn't in fact have upgraded if she'd been provided with all the information about the packaged bank account;
- She thought the mobile-phone insurance was a free benefit, not something she was paying for via the account fees;
- She wasn't offered a student account despite her status at the point of upgrade; and
- The account fees outweigh the savings made through having a preferential overdraft rate – so the account's not been financially beneficial

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Unsurprisingly, it's hard for the bank to prove what information it provided to Miss M at the point of upgrade in 2005, nearly a decade ago. Indeed, it's unreasonable and impracticable for a bank to retain data forever. Nevertheless, I conclude that Miss M freely chose to upgrade. She had enjoyed free banking for about a year before the upgrade. I think she ought reasonably to have realised that upgrading was only an option. I've seen no evidence of coercion or pressure. And there's no reason why students shouldn't hold an upgraded account if certain benefits suit their lifestyle, needs and resources. In my judgment, Miss M probably consented to the upgrade because it appears that she was attracted to a number of the included benefits. Over the years—from shortly after upgrading—she used various benefits, such as:

- Three loans with preferential interest rates (two in 2007; one in 2008);
- An overdraft facility with preferential rates;
- Travel booking in August 2005 (just a month or two after the upgrade);
- Five ticket enquiries between 2007 and 2008;
- Hotel booking in 2007; and
- iPhone registered (for insurance).

This pattern of usage (and timing) indicates that Miss M was aware from the outset that her account came with benefits, and found some of them attractive. It seems, from her later actions, that such benefits were likely to have appealed to her at the point of upgrade even if, as alleged, she didn't receive adequate or any information about the account. So, I agree with the adjudicator that any lack of information was unlikely to have made a difference.

A packaged bank account isn't mis-sold simply because a customer doesn't want or need *all* the associated benefits. A package can still be attractive to someone overall even if certain benefits aren't. The bank says that it sent Miss M reminders about the nature and scope of her account. And her registration for various benefits tends to support a finding that she understood they were there for her to use if she wanted. I am not persuaded by the argument about her thinking the mobile-phone insurance was free – it seems inherently unlikely for someone actively using benefits in this manner. Miss M also didn't downgrade to a free account even during her referral of this complaint. This implies that the preferential rates and/or other benefits were still attractive to her.

With insurance policies, it's important to appreciate that they might still be useful even if not claimed upon. This is because their aim is to provide peace of mind and cover *risk*. Policyholders are buying protection against loss or damage that might never materialise; they're not investing or saving with a guaranteed return. So, Miss M's history of no claims doesn't mean the account was mis-sold or its associated benefits weren't useful or appealing to her. Whether or not she submitted claims under it, Miss M might still have benefitted from the account's travel insurance when she went abroad in Europe up to three times a year (see *the questionnaire she completed for us*). Although Miss M says she wasn't told about all the benefits, it's likely the bank told her about the travel insurance but she simply forgot about it. In my experience, banks usually highlight the main benefits, as these can make the fee-paying account seem more attractive. Ultimately, it's for customers to ensure they utilise the account benefits on offer and cancel any duplicate cover they might hold independently.

my final decision

For the reasons set out above, I am unable to uphold this complaint against Ulster Bank Ltd. I'm sorry to disappoint Miss M – but I don't think the sale of this packaged bank account caused any harm given her circumstances at the point of upgrade and active use of its various benefits over the years. Under the rules of the Financial Ombudsman Service, I am required to ask Miss M to accept or reject my decision before 8 May 2015.

Mark Sceeny
ombudsman