

complaint

Ms P has complained that Bank of Scotland plc trading as Halifax ("Halifax") mis-sold an Ultimate Reward Current Account ("URCA") to her in 2008. She paid a monthly fee for the account and was offered several benefits in return.

background

One of our adjudicators has looked into Ms P's complaint already. The adjudicator didn't think that Halifax mis-sold the packaged account to Ms P and didn't recommend that Halifax should pay her any compensation. Ms P didn't accept this recommendation and asked for an ombudsman to look at the complaint and make 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. We have explained how we handle complaints about packaged bank accounts on our website. I have used this approach to decide what to do about Ms P's complaint.

Where evidence is incomplete and matters are in dispute, as they are here, I make my decision based on what I think is *most likely* to have happened given the evidence that is available and the wider circumstances at the time.

I know this is going to come as a disappointment to Ms P, but after giving her case a lot of thought, I haven't seen enough to conclude that the URCA was mis-sold to her. I know this isn't the outcome that Ms P's looking for. But I hope that my explanation will help her understand how I have come to this conclusion.

Ms P has said that she was unaware she could've had a fee free bank account. She says the staff advised her she had to have the account when the Solo card facility was withdrawn. But I note she also told us later that she was told she had to change the account as it was for college students and was told to change due to her age. She said it was only brought to her attention recently when the staff advised her about the £15 fee.

From her statements and information sent by Halifax, I can see that Ms P held this account as a fee free current account for just over one year before she upgraded in October 2008. Halifax has told us that Ms P did hold another fee free current account with Halifax which she had had for several years. The account was as I understand it a basic current account aimed at different consumer groups with various needs and Halifax has told us it didn't generally offer any credit facilities i.e. overdraft. I understand from Halifax this account did hold a Solo card for some time, but later changed to a Visa Electron. Both of these cards supported the account as they were designed to authorise transactions once account had been checked for available funds. I understand Ms P has said she doesn't recall taking the second account (complained about account) which is understandable given the length of time that has passed. But this account was taken out in 2007 whilst she still held the first one mentioned above. They were both held for several months, before the first account closed - just a couple of months before the second fee free account was upgraded to the URCA. I can see Ms P took out an overdraft shortly after taking it out as a fee free account in 2007. And from what Halifax has told us, this account was provided with a Visa Debit card. Looking at her statements I think this is supported by a processed transaction for the day after she upgraded, which took her into an agreed overdraft.

Taking everything into consideration, I think it's likely Ms P may have taken out the second account in order to have an overdraft and Visa Debit card. But I've not seen enough persuasive evidence to suggest that when she upgraded to the URCA she was told her existing fee free account or free accounts in general were no longer available. So overall, I think it's likely Ms P was given a fair choice whether to take the packaged account which incurred a monthly fee or keep the free one.

I don't think based on what I've seen that Halifax recommended the packaged account to Ms P. This means it didn't have to check if the account was right for her. It was up to Ms P to review the account and decide if it was right for her, taking into consideration her circumstances at the time.

Halifax had to give Ms P enough clear information about the packaged account for her to decide if she wanted it. Like our adjudicator, I think that Ms P was attracted to some of the benefits of the packaged account and chose it because of these benefits. In particular I think Ms P was interested in the overdraft benefits. URCA account holders didn't have to pay this fee as long as their overdrawn balance didn't exceed £300 – or their agreed limit if it was lower.

Halifax has told us that Ms P had an agreed overdraft of £100 before upgrading and having looked at Ms P's statements, it looks like she occasionally used the agreed overdraft in the month leading up to the upgrade. As she had an agreed overdraft with the URCA and would pay no overdraft fees as long as she didn't exceed the £100 limit, I think that she did benefit from this and I think that she may have upgraded for this reason.

I note Ms P has said that she held mobile phone insurance elsewhere. But Halifax has told us that a mobile phone was registered two days after the upgrade. And I note that Ms P has confirmed that the manufacturer of the handset was the one she held at the time. Although Ms P has told us she can't remember this, Halifax has also told us that she enquired about claiming in 2009, but this was not pursued. For these reasons, I think that Ms P was most likely interested in the mobile phone insurance at the time of the sale. I would add that as the account was not recommended it was for Ms P to decide if the account was right for her even though it included mobile phone insurance. So I can't hold Halifax responsible if Ms P decided to keep the cover she had elsewhere.

Looking at other benefits provided under the account, Halifax has also told us that Ms P registered her card with the card protection provider two days after the account was upgraded. And it has also said that Ms P utilised the home insurance discount available.

Ms P has told us that she didn't own a car or drive at the time of taking out the account, but says she held breakdown cover elsewhere. And she has told us she didn't travel, but says at another point she held travel insurance elsewhere. I note that in the questionnaire Ms P has said that she did not keep any insurance held elsewhere after taking out the URCA, so I think she may have relied on them. But even if she did hold breakdown cover or travel insurance elsewhere or even if I was persuaded that she didn't drive or travel, it doesn't mean the account was of no use. Ms P may not have had to claim on these insurance benefits and she also may not have been attracted to or possibly needed everything that came with the account. But packaged accounts are rarely tailored to the individual, so it's unlikely she would've found every benefit useful. And what I've seen on this case leads me to think that Ms P thought enough of the package would be useful to her and that's why she chose to take it.

I accept it's possible that Ms P might not have had all of the information on every benefit included in the package. But I think it's likely a discussion took place and she was given enough information to know what the account included because that's what makes it attractive. I don't think any of the information that she might not have known about the individual benefits (such as the limitations and exclusions) would've put her off agreeing to it, as I can't see that she would've been significantly affected by any of the main ones. Halifax has also said that a welcome pack would've been issued to Ms P after the upgrade to the address it held. This would've provided all the details of the account, including the terms and conditions.

In addition, Ms P has said that it was not made clear that the account had to be paid for and had she known, she wouldn't have taken it out. I have thought about this. But from what I've seen, it looks like Ms P knew she was taking accounts with benefits (having had fee free accounts) and I think she would've known that a fee would've been payable. And the fees have appeared on her statements since she first upgraded. I accept that it could be argued it isn't clear that the charges are for packaged accounts. But Ms P hasn't provided any other explanation for what she thought these charges were for. Overall, I think it's most likely she was told about the cost of the packaged accounts and she found them acceptable. – although as it happened a long time ago I can understand why she may not remember this.

I want to reassure Ms P that I have looked at all the information I have about her complaint. Having done so, I don't think Halifax mis-sold the packaged account to her. I don't think it owes her any money.

I note that Ms P has said that she had attempted to downgrade the account as soon as she found out about the fee and was told she was unable to. But Halifax has told us that it has no record of a request being made in the year before the one actioned in January 2016. As it has said there is no record of this, but it did downgrade in January following a request, I have not seen enough evidence that Ms P was prevented from downgrading the account.

I understand Ms P has also made reference to bank staff receiving bonuses for selling accounts and suggested that this would've led them to sell an account that wasn't suitable. However, for the reasons set out above, I don't consider that this account was mis-sold to Ms P and so I don't think that any incentives the staff might have received resulted in her losing out or being treated unfairly.

my final decision

For the reasons I've explained, I don't uphold Ms P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 11 March 2016.

Donna Parsons
ombudsman