

complaint

Mr S complains that Bank of Scotland plc (trading as Halifax) mis-sold him a packaged bank account in December 2010.

Ms S is represented in making his complaint by a claims management company (CMC).

background

Mr S opened a free account with Halifax in June 2007. He upgraded this account, using an online application, in December 2010. He downgraded his account back to a free account in October 2011.

Mr S's complaint has been assessed by one of our adjudicators. She recommended that the complaint shouldn't be upheld. The CMC, on behalf of Mr S, disagrees and has asked, as it is perfectly entitled to, that the complaint should be decided by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken into account the law, any relevant regulatory rules and good industry practice at the time the account was sold.

Mr S has told us that he decided to upgrade his account while using his online banking facility. He says that he noticed an invitation to upgrade his account and saw that one of the benefits that he could get from the upgraded account was lower rates in his mortgage. As he knew his mortgage fixed rate would shortly expire he says that he decided to upgrade his account in readiness.

Mr S recalls seeing two pieces of information about the benefits of the account. He remembers seeing information about better rates on his mortgage and that he would get a £5 reward each month. But he doesn't remember seeing anything about all the other benefits that came with the account or that he'd need to pay a monthly fee.

Halifax hasn't been able to tell us exactly what information Mr S would've seen when he upgraded his account. But I think it is likely that Halifax would've given Mr S at least some information about the benefits of taking the account as these would have made it appear more attractive to a potential customer. And I think it's likely that Halifax also explained that Mr S would need to pay a monthly fee for the account – but even if it didn't Mr S says that he noticed the fee sometime afterwards and decided to continue with the account because he wanted to benefit from the preferential mortgage rate. So that makes me think he would have still taken the account if he'd known about the fee at the time.

Overall I think it's more likely that information about the other benefits and the fee was presented to Mr S but overlooked by him – it is quite natural for consumers to focus on bits of information that, at the time, are of the most interest.

I've thought carefully about what Mr S has said about the benefit he recalls being described as a better interest rate on his mortgage. As I said earlier, Halifax hasn't been able to tell us exactly what Mr S would have seen on the internet application. But I think this information would have been similar to the details in the Welcome Pack that Halifax says was sent to Mr S when his account was opened. From the welcome pack I can see that a benefit of the

account was described as "Halifax Rewards". This was explained as *"From savings to mortgages and more. Halifax Rewards is a fantastic collection of special discounts and exclusive offers. It's our way of saying thank you"*

So I think it's likely that this is the information Mr S saw that attracted him to the account. The CMC has explained that Mr S was aware, at the time he took the account, that Halifax would not have been able to tell him, ten months before his fixed rate expired, what interest rates it would be able to offer him. But it says that Mr S was happy to take the account and wait until that time on the understanding that he'd be offered a preferential rate.

I haven't seen much information about what happened ten months later when Mr S's existing fixed rate ended and he asked for a new quotation. Mr S has said that the rates offered to him were more expensive than what he'd previously been paying and so they weren't the preferential rates he'd been promised. But I'm not sure that entirely follows. In 2011, when Mr S was having these discussions, there was a lot of uncertainty about the economy and future interest rates. And so it's possible that lenders might have been more cautious in the fixed rates being offered. Just because the rate Mr S was being offered was higher than his previous rate (that might have been taken at a time there was more confidence in the economy) doesn't mean that it wasn't preferential or better than might have been offered to him if he didn't hold the URCA.

When considering complaints of this nature, I need to establish whether or not Halifax did anything wrong when it sold the account to Mr S and whether he'd have acted differently if that error hadn't happened. In this case, I think that Halifax did give Mr S some information about the account, and that information was enough to make him want to take it. I've not seen anything about the account that Halifax needed to tell Mr S, and didn't, that would have caused him to make a different decision at the time. I appreciate that, with the benefit of hindsight, Mr S feels that the account wasn't right for him and that he hasn't benefitted from it, but that doesn't mean that Halifax mis-sold it to him.

my final decision

For the reasons given above, I do not uphold the complaint or make any award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S either to accept or reject my decision before 12 November 2015.

Paul Reilly
ombudsman