

## **complaint**

Mr M and Mrs G have complained that The Royal Bank of Scotland Plc (RBS) mis-sold a Royalties packaged bank account to them in 1996. The account charges a monthly fee and provides several benefits in return.

## **background**

I attach my provisional decision of 29 April 2016, which forms part of this final decision. In my provisional decision I set out why I didn't think I should uphold Mr M and Mrs G's complaint. I asked Mr M and Mrs G and RBS to provide any further new comments and any new evidence before I made my final decision.

RBS said it had nothing further to add. Mr M and Mrs G raised the following main points in response:

- They didn't think it was normal to be charged fees, this is something the bank led them to believe and they weren't offered any alternatives. And Mr M can remember the details clearly as it happened at a memorable time in his life.
- They were told in order to obtain a mortgage offer they had to have this account. Mr M didn't go through with the mortgage at this time as he was in hospital. And due to changes in his financial circumstances and needing to take life insurance, he couldn't afford the monthly repayments (including the life insurance repayments).
- They were financially inexperienced and accepted what the bank told them. They weren't forced into taking the account, they accepted what the bank had told them and weren't offered alternatives. And it is an assumption to say they knew they didn't have to have a packaged bank account.
- They haven't said that the bank recommended the account to them. They also feel the term recommended is the bank's language. And the bank did financial checks in relation to the mortgage so they feel RBS would've known their financial circumstances.
- They said they didn't need the account when they took it in 1996 and weren't given enough information. And they don't feel they've benefited from the features of the account. They've also said they weren't aware they had received a preferential interest rate on their overdraft. And the mobile phone registration came about because they could. Mr M has said he didn't get his first mobile phone until 2011.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I set out in my provisional decision what I would need to think about to decide the case.

I know this is going to come as a disappointment to Mr M and Mrs G, but after giving their complaint a lot of thought, I don't think RBS mis-sold the Royalties account. So I am reaching the same outcome as my provisional decision and not upholding this complaint. But I would like to comment on some of the points raised in response to my provisional decision.

As I explained in my provisional decision, I don't doubt that Mr M and Mrs G have given an honest account of what they remember happening. But 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 appreciate they've said they were financially inexperienced and RBS led them to believe the fees were normal. I can also see they've said they were told they needed the Royalties account in order to obtain a mortgage offer and they can remember this clearly. But they didn't go on to take out a mortgage in 1996 and continued with the Royalties account. And RBS has said they didn't take out a mortgage until 2001. I think it's likely Mr M and Mrs G would've queried the need to have the Royalties account when they didn't go on to purchase a house, if they'd only taken it out to obtain a mortgage offer. And I can also see that their account wasn't previously a Royalties packaged bank account in 1994 when they opened it. So whilst they paid some banking charges on their current account, they didn't pay a regular account fee for over two years before their account became a Royalties account. So taking everything into account, I can't say Mr M and Mrs G were unaware they didn't have to have the Royalties account or that they had to have it to obtain their mortgage offer.

In their packaged bank account questionnaire Mr M and Mrs G were asked if the bank recommended the account to them. They answered yes and explained that they were told they needed the account as they were applying for a mortgage. I explained in my provisional decision that I didn't think Mr M and Mrs G were recommended the account despite them saying this. I accept as Mr M and Mrs G have said that RBS will have known details about their financial circumstances through their mortgage application. But I've not seen anything to suggest that when selling the account RBS assessed their needs to establish if the Royalties account features were right for their circumstances. This is what is meant by the term recommended. So RBS wasn't required to check if the account features were suitable for Mr M and Mrs G. It was for Mr M and Mrs G to decide if the account was right for them.

As I explained in my provisional decision I think it's likely Mr M and Mrs G were told about the key features of the account. And whilst I don't know what it was that interested them about the account, I think it's more likely they knew they didn't have to have a fee paying packaged bank account. So I think they took out the Royalties account because they were interested in some of the features. I don't know if RBS told Mr M and Mrs G everything it should have about all the features of the packaged account and I accept it's possible RBS didn't. But as explained, I haven't seen anything to make me think that Mr M and Mrs G would not still have taken the account even if RBS had told them everything. I can also see that Mr M and Mrs G did go on to benefit from the account. Whilst they've said they weren't aware they had a preferential overdraft rate, they did receive one. And after mobile phone insurance was added to the account Mr M went on to register a mobile phone.

So for the reasons I've explained above and in my provisional decision, I don't think RBS mis-sold the packaged bank account to them. So I'm not asking RBS to pay Mr M and Mrs G any compensation.

**my final decision**

For the reasons I've explained, I don't uphold Mr M and Mrs G's complaint against The Royal Bank of Scotland Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M and Mrs G to accept or reject my decision before 1 July 2016.

Claire White  
**ombudsman**

### **copy of my provisional findings**

I've considered all the available evidence and arguments to decide what is 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 Mr M and Mrs G's complaint.

After giving Mr M and Mrs G's complaint a great deal of thought, I don't think RBS mis-sold the packaged account to them. Hopefully my explanation will help Mr M and Mrs G understand how I've come to this provisional conclusion.

Mr M opened a current account in 1994 which was a standard current account and didn't charge a monthly account fee. Mrs G was then added to the account later that year. The account became a Royalties packaged account in 1996 and was later migrated to a Select Silver account.

Mr M has said the packaged account was the only account the business offered and he wasn't aware he could've had a different type of account. He's also said he was always charged some sort of fee for using the account since he opened his account in 1994 and so he thought this was normal. When he came to apply for a mortgage in 1996, Mr M has said he was told his account would need to be changed to a Royalties account. And he's said he didn't have experience of these matters so he trusted what the bank had told him.

At the outset, I should say that I don't doubt Mr M has provided his honest recollections of his interactions with RBS. But I have to take into account that the events in dispute took place around 20 years ago. And at times there is a conflict between what the bank says and Mr M and Mrs G say, or the evidence is unclear. In those situations, I have to look at what is available and the surrounding circumstances to help me decide what is more likely to have happened.

Looking at Mr M and Mrs G's statements before their account changed to a Royalties account, I can see that there were account charges before it was converted to a packaged account. So I can appreciate what Mr M has said about thinking he always had a fee charging account. But the fees which were paid before their account became a Royalties account were for varying amounts. And when their account changed to the Royalties they began being charged a monthly account fee. I've also thought about what Mr M has said about being told they had to have the Royalties account in order to take out a mortgage. But Mr M didn't take out his mortgage until several years later. So I can't say RBS forced Mr M and Mrs G to change their account to gain a mortgage. And taking everything into account, I think it's more likely Mr M and Mrs G were aware they didn't have to have a packaged account.

Mr M and Mrs G have said that RBS recommended they change their account to the Royalties account. To be able to say I think this was the case, I'd need information to suggest that RBS asked Mr M and Mrs G about their circumstances and provided a tailored recommendation. There's limited information from RBS about what happened and what Mr M and Mrs G have said doesn't suggest RBS assessed their circumstances. So I don't think that RBS did recommend the packaged accounts to Mr M and Mrs G. This means that RBS didn't have to check if the accounts were suitable for them. It was up to Mr M and Mrs G to decide this, taking into account their circumstances at the time.

RBS did have a responsibility to give Mr M and Mrs G enough clear information about the account so they could decide if they wanted it. I don't know what was discussed but as explained above I think they knew they didn't have to have a packaged account. So it seems likely that RBS would've at least given them an outline of the key features of the account. And I think it's unlikely they would've thought these features were free. Looking at the likely features of the account at the time, I can't see there was anything that Mr M or Mrs G couldn't have used. And I can see they have later gone on to benefit from a preferential overdraft rate and registered a mobile phone. I appreciate what Mr M and Mrs G have said about not needing the features of the account and that they may feel now with the benefit of hindsight that the account wasn't good value. But I can't see that RBS were wrong to sell them the account.

It's possible that RBS didn't tell Mr M and Mrs G everything it should have about the packaged account. But I haven't seen anything to make me think that Mr M and Mrs G would not still have taken the account even if RBS had told them everything.

I want to reassure Mr M and Mrs G that I've looked at all the information provided about their complaint. And having done so, I currently don't think RBS mis-sold the packaged account to them.