

complaint

Mr B has complained about a packaged bank account sold to him by Bank of Scotland plc trading as Halifax ("Halifax").

Mr B has used a claims management company (CMC) to bring his complaint to us.

background

Halifax says Mr B opened a free account with it in 2009. He upgraded this to an "Ultimate Reward Current Account" or "URCA" in 2010. This is a packaged account which offers a number of benefits in exchange for a monthly fee.

Mr B is unhappy with the account because he feels he wasn't given a choice whether or not to upgrade and says he didn't need the benefits.

Our adjudicator didn't recommend that Mr B's complaint be upheld. Mr B disagreed and so the case has come to an ombudsman for review and 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've explained how we handle complaints about packaged bank accounts on our website. And I've used this approach in deciding what to do about Mr B's complaint.

I appreciate this will come as a disappointment to Mr B but I am not upholding his complaint and will explain why.

I think Mr B would have been aware he didn't have to pay to bank with Halifax as he had a free account with the bank for a time before upgrading to a packaged account. And he signed a form applying to change from a free account to a fee-paying one, so I can't say that he wasn't aware of the upgrade. Altogether, I think Mr B chose to upgrade to the URCA as it offered something of interest to him at the time.

The main banking benefit with the URCA was a reduced interest overdraft of up to £300. From late 2009 Halifax charged £1 a day to use a planned overdraft with a fee-free account. URCA account holders were not charged this fee if they stayed within the £300 limit. Mr B held a £100 overdraft at the time of the upgrade, which he used. He increased his limit to £250 the day he upgraded and he continued to make use of his overdraft.

Mr B mentioned that Halifax recommended the URCA to him. But I haven't seen anything which makes me think the bank inquired about Mr B's circumstances and made a tailored recommendation to him. This means it didn't have to check that the recommendation was appropriate for him. It was for Mr B to decide in the knowledge of his circumstances if the account was right for him.

The insurance benefits included travel and mobile phone insurance and car breakdown cover. Mr B says he didn't own a car but he did drive. He says he also travelled to Europe. I'm not sure whether or not Mr B had a smart phone as he's not clear on this point. Altogether, I haven't seen anything which makes me think Mr B couldn't use the account insurances if he wanted or needed to.

Mr B says that the URCA was mis-sold because he could have paid less for travel insurance elsewhere. While I accept this may be the case, it doesn't automatically mean the account was mis-sold to him. In order to uphold his complaint I need to find that the bank did something wrong in terms of the choice or the information it gave him. I think he chose to take it out so I have considered what he might have been told about it.

Halifax should have provided Mr B with enough clear information about the account to enable him to make an informed decision about it. Halifax says that the benefits were explained to Mr B and that he was given a 'Welcome pack' which explained the detail.

I don't know what Halifax discussed with Mr B about the URCA as I have no records from the meeting. But I think it's likely that it explained the overdraft benefit to him – the bank had recently introduced the aforementioned £1 a day planned overdraft charge on free accounts. And Mr B used his overdraft so would have incurred this fee. I also think it's likely that Halifax mentioned the other main benefits of the account as these usually make the account more attractive.

It's possible that Halifax didn't tell Mr B everything it should have about the URCA, but I haven't seen evidence of information that Mr B should have got that could have put him off upgrading.

Mr B's representative says that Mr B incurred unplanned overdraft charges as a direct result of being charged a packaged account fee. I've checked through Mr B's statements and can't see that it was the fee that caused the charges. In most cases it was Mr B's spending that took his account outside its authorised overdraft limit.

Mr B has mentioned that he found some of the fees and charges he incurred to be "*hefty*" and "*exorbitant*" specifically for overseas and overdraft charges. What the bank wishes to charge for its lending or services is a commercial decision and so I can't say it did anything wrong on the basis of Mr B's view of the amounts.

It is Halifax's view that Mr B did not suffer a financial loss through having this account. The bank estimates that Mr B has saved approximately £1,600 by having the URCA, having paid several hundred pounds in account fees. From what I've seen I agree with this. So, even if I were to uphold Mr B's complaint, I wouldn't be asking Halifax to refund any monies.

I want to reassure Mr B that I have carefully considered everything he's told me about his experience with Halifax. And I appreciate that he might not make the same decision about the packaged account today and I understand he has now closed the account. But, altogether I don't think the URCA was mis-sold to him and I don't uphold this complaint.

my final decision

I don't uphold this complaint and I make no award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 April 2016.

Michelle Boundy
ombudsman