

complaint

Mr J has complained that Barclays Bank plc ("Barclays") mis-sold him Additions Active and Premier Life packaged bank accounts in 2008 and 2011. He's also complaining about the sale of Travel and Tech pack feature store bundles in 2013.

background

One of our adjudicators has looked into Mr J's complaint already. He didn't think that the Additions Active packaged account or the Tech and Travel packs were mis-sold. But he thought that the Premier Life account was mis-sold to Mr J. For differing reasons both Barclays and Mr J didn't accept this 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 and I've provisionally decided what I think is 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 to help me decide Mr J's complaint.

Having carefully thought about everything I've been provided with, I think that Mr J's complaint should be partially upheld. And I'd like to explain why.

I've started by thinking about whether Mr J was given a clear choice in taking the packages. At this point, it may help for me to explain that I have to make my decision based on what I think is most likely to have happened. In working out what I think is most likely to have happened, I have to think about everything I've been told together with everything I've been provided with and see how this fits with what I do know. In other words, what I have to do, in this case, is decide what I think is most likely to have happened having weighed up what both Mr J and Barclays have been able to provide me with.

It looks like Mr J's account was opened as a fee paying Additions Active account. I don't know what Mr J was told at the time. But it's common knowledge that fee free accounts are widely available in the United Kingdom. And given Mr J's age at the time of the initial upgrade, I think he's likely to have had a fee free account in the past. So while I can't say for sure that Mr J was offered a fee free account, I think he's likely to have known that they existed. And so I also think it's most likely that they were discussed even though the salesperson might not have spent as much time discussing them as discussing the packaged accounts.

I've seen what Mr J's said about only taking the Premier Life account because he was told this was the only way he could get a loan and then keep an overdraft. But it looks like Mr J already had an overdraft on his Additions Active account. So I think that he would've known that Barclays would lend him money without him having to take out the Premier Life account. Although as the account included an interest free overdraft portion and preferential interest rates on any agreed overdrawn balance over this the salesperson may have told Mr J that he'd lose these preferential terms if he didn't keep the account as this would've been the case.

So taking everything I've seen together, and while I've carefully thought about what Mr J has said, I think it's most likely that Mr J agreed to the packages, on all three occasions after having been provided with a clear choice.

Barclays has said that the packages account weren't recommended to Mr J because they were sold in branch. And the usual branch sales process was for its staff not to make personalised recommendations to customers. Mr J has said the account was recommended to him but also that he wasn't told anything about it. Given everything I've seen I don't think that the packages were recommended to Mr J. This means that Barclays didn't have to check whether they were suitable for Mr J and it was up to Mr J to decide if they were right for him. I think it's likely that Mr J would've been told about most, if not all, of the benefits on the packages in order to make them appear as attractive as possible. After all Barclays was trying to persuade him to take them when he most likely knew he didn't have to. And the best way to do this would've been by telling him about what he'd get for the monthly fee.

why I don't think the Additions Active account or the Tech and Travel packs were mis-sold

From what I've seen, Mr J did use some of the benefits on these packages and I think that he could've used some of the others. These packages came with mobile phone insurance and breakdown cover. What I've seen suggests that Mr J registered more than one handset for the mobile phone insurance and even made a successful claim. And it also looks like he used the breakdown cover included on these packages too.

The Additions Active account also came with an interest and fee free overdraft portion and a preferential interest rates on agreed amounts over this. I can see that Mr J has made use of his overdraft and because he had the Additions Active account he's paid less interest when he has used it. So I don't think it would be unfair to say that Mr J had a need for these benefits and these may even be the reasons why he might've, at the time, thought that these packages could be useful to have.

There were other benefits included on these packages. And Mr J may not have had a want or a need for each and every one of them. But the benefits on packaged accounts come as overall packages. And at the respective times, taking the selected packages was the cheapest way that Mr J could have the benefits he, at the time, he appears to have wanted and needed.

Mr J may now, with the benefit of hindsight, believe that he hasn't benefitted from the packages as much he had hoped and expected to when he initially took them out. And given what he might've read and heard about packaged accounts in general, I can fully understand why this might lead him to believe his packages were mis-sold. But as explained earlier, I have to base my decision on what I think is most likely to have happened at the time of the upgrade and I can't use hindsight when reaching my conclusion. I think it's likely that Mr J chose these packages after having been told what they came with. So although Mr J may now think that these packages haven't proved to be value for money and he may be wondering why he took them in the first place, this doesn't mean they were mis-sold to him.

why I think the Premier Life account was mis-sold to Mr J

I now turn to the sale of the Premier Life account. As previously explained, Barclays needed to provide Mr J with clear enough information to decide whether this account was right for him *before* he committed to taking it out. And having carefully thought about everything I've seen, I don't think that Barclays did that here.

To explain, the only discernible difference between the Additions Active account that Mr J already had and the Premier Life account was airport lounge access and a greater interest free portion on an agreed overdraft (there were some other minor benefits but I've not seen anything to suggest that Mr J was interested in them). I don't know what Mr J was told at the time he was sold this account. But it seems to me that clear enough information would've highlighted the extra things that Mr J would get for the substantially increased monthly fee.

Mr J has said that he never travelled. So the airport lounge access wouldn't have been of use to him. And him not registering for it appears to support this. And while Mr J's overdraft usage does increase, it doesn't increase by anywhere near enough for him to be even close to being able to recover the monthly fee. And I've not even seen anything to suggest that Mr J, at the time, had an agreed overdraft limit that was the amount of the interest free portion that the Premier Life account offered. I accept that Mr J may have been provided with some information to take away and read. But as the account was sold on a face to face basis, I think he was reasonably entitled to rely on what he was being told. And everything I've seen leads me to think that Mr J wasn't given clear enough information to be able to work out whether the Premier Life account was right for him in his particular circumstances.

In conclusion I think that Mr J chose to take all of the packages after having been provided with a clear choice. But while I think that he was provided with clear enough information to decide whether the Additions Active account and the Tech and Travel packs were right for him, I don't think he was provided with clear enough information to decide if the Premier Life account was. And I think that Mr J has lost out because Barclays didn't provide him with clear enough information when selling him the Premier Life account. So Barclays should put things right.

Barclays failure to process Mr J's request to cancel his Tech and Travel packs

Mr J has said that he's been trying to cancel his Tech and Travel pack bundles for some time and that Barclays hasn't done this. I don't know when Mr J first approached Barclays to do this. But I can see that Mr J said that he no longer wanted these packages when completing our complaint form. Barclays has been in possession of a copy of this form since July 2015. So it should've acted on this much sooner. It looks like Barclays agrees that it should've process the cancellation request in July 2015 and it has offered to refund Mr J all the fees he's paid since then plus interest. And I think that this represents a fair solution to Mr J's concerns in this regard.

what Barclays should do to put things right

To put matters right, Barclays should put Mr J back into the position he would've been in, if he hadn't been sold the Premier Life account. So Barclays should:

- refund and pay to Mr J the difference between fees he paid for the Premier Life account and the fees he would've paid if he'd remained on the Additions Active account; and
- refund and pay to Mr J all the fees he paid for the Tech and Travel packs after July 2015; and
- add interest at 8% per year simple on each of the above fees from the date they were paid to the date of settlement*;

If Barclays is able to work out any *additional* savings Mr J has made from holding the Premier Life account **and** it can show these calculations to him, it may, if it wants, deduct this additional saving from any compensation that is paid.

†HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr J a certificate showing how much tax it's taken off if he asks for one.

my decision

For the reasons given above, I partially uphold Mr J's complaint. Barclays Bank plc should pay Mr J redress as set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr J to accept or reject my decision before 18 February 2016.

Jeshen Narayanan
ombudsman