

complaint

Mr and Mrs C have complained that Lloyds Bank PLC mis-sold a Select packaged bank account (PBA).

background

The account was originally set up in Mrs C's name as a fee free account in 1986. She upgraded to a Select PBA in February 2007. Mr C was subsequently added to the PBA. It offered a number of benefits for a monthly fee. Our adjudicator didn't uphold the complaint. In essence she thought that Mrs C had been attracted to the benefits the account provided. Mrs C didn't agree with her assessment. In summary Mrs C maintained that she had been pushed into the account and had been told she couldn't get an overdraft on her current account. She says her mobile phone claims were irrelevant and she didn't need the account.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I think the relevant issues to take into account are the same as those set out on our website about our approach to complaints about packaged bank accounts. I've decided not to uphold this complaint.

The first thing I've thought about is whether Mrs C was aware she had a choice about taking out the account. Mrs C has said that she upgraded to the Select account because a representative of Lloyds told her that having the account was the only way she would be able to get an overdraft facility. And she felt pushed and pressurised into taking out the account. It's clear to me that Mrs C feels strongly that she wasn't given a choice about taking out the Select account. I need to decide what I think is most likely to have happened taking into account all of the evidence, including what Mrs C has said.

While I appreciate that Mrs C felt she was given the impression she had to take out the Select account if she wanted an overdraft, she hasn't explained in any detail the circumstances in which she was led to believe this. Or why she felt pushed and pressurised into taking out the PBA.

Looking at everything I've been provided with, I simply don't have enough evidence to decide that Mrs C was pushed or pressured into taking out the Select account. Mrs C's account had previously been a fee free account. It appears from what Lloyds has told us that this was for a number of years prior to the Select account upgrade. And Mrs C's bank statements show that she had an overdraft facility prior to the upgrade. So I think it's likely Mrs C knew she could've continued with her previous account if she wanted to and that she didn't have to upgrade the account in order to get an overdraft. Both Lloyds and Mrs C have said that this was an advised sale. Looking at everything I've been provided with, I'm satisfied that in this case it's likely that Lloyds did advise Mrs C to take out the Select account. This means that Lloyds needed to ensure the PBA was suitable for her. Having looked at the evidence, I don't know whether Lloyds adequately assessed the suitability of each of the benefits and made it clear if some of them weren't suitable for Mrs C. But I think it's likely the benefits provided by a fee charging account were explained as part of the sales process, in order to persuade Mrs C to upgrade the account. I also don't know if Lloyds told Mrs C everything it should've done about the account. But even if it didn't, I have to think about whether Mrs C would've done anything differently if everything had happened as it should.

I've seen nothing to suggest there was anything that would have led Mrs C to make a different decision about taking the account. She has said that she wanted an overdraft and was told taking out a PBA was the only way she could get one. As I've set out above I think Mrs C would've been aware that she could have an overdraft without taking out a PBA. The Select account provided a £50 interest free overdraft with reduced rates on higher amounts. Looking at Mrs C's bank statements from around the time of the upgrade, the account was overdrawn on a number of occasions by a relatively small amount. I think it's likely she was told about this preferential overdraft facility as part of the sales process. Mrs C has told us that she wanted an overdraft. So it seems to me that this benefit may have been attractive to Mrs C. And that she may well have been told that to access the interest free overdraft, she could only do so by taking out a PBA.

Mrs C has also said that the mobile phone or breakdown cover wasn't the reason for taking out the PBA. I also have to consider the other available evidence. Lloyds' records from the time of the sale show that the mobile phone cover was the main reason for taking out the PBA. And its records also show Mrs C registered five mobile phones, two of which were registered in March 2007, a few weeks after the PBA was taken out. And two claims were made on the mobile phone insurance. This all suggests to me that the mobile phone insurance was likely to have been important to Mrs C. I think it's probable that Mrs C was made aware of the main benefits of the account when she took it out and that some of them were suitable for her at the time.

Packaged bank accounts are rarely tailored to the individual so it's unlikely that every customer will find every benefit useful. The fact that Mrs C didn't use all of the benefits doesn't mean the account was mis-sold. I haven't seen anything which prevented her from benefitting from the account as a whole.

I think it is possible that Lloyds didn't do things as it should have done when it sold the PBA. But for the reasons I've given, I think it's unlikely that Mrs C would've been affected by any failings – or that she would've acted any differently.

my final decision

For the reasons I've given, I've decided not to uphold Mrs C's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 2 November 2015.

Simon Dibble
ombudsman