

## **complaint**

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

## **background**

Mr B opened a fee-free account with Halifax in July 2003. This was then upgraded to an "Ultimate Reward Current Account" (URCA) in May 2010.

Mr B says that he received a phone call from Halifax about changes to the terms and conditions of his overdraft facility, and that during this discussion, he was told by Halifax that he would begin to incur a daily fee if he continued to use his overdraft. He recalls that Halifax advised him that he would be better off by upgrading his fee-free account to the URCA, as this would be considerably cheaper.

Mr B says that, because of this, he felt that he had no other option than to upgrade to the URCA. However, he feels that he did not use the benefits that the account offered.

Halifax rejected Mr B's complaint on the grounds that the upgrade took place online. So it felt that as the sale took place in the absence of a sales advisor, Mr B would've had a fair choice about upgrading his account.

Our adjudicator did not uphold this complaint. Mr B disagreed with this so the case has come to me to make a 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. Having done so, I don't feel that Mr B's complaint should be upheld. I explain my reasoning for this below.

Mr B has mentioned that following a discussion with Halifax regarding the change to the charging structure of his overdraft facility, he felt pressured into upgrading his account, as he was often overdrawn. Therefore, Mr B felt that he had no option but to upgrade his account to avoid incurring further fees.

Halifax has told us that in December 2009, its charging structure on free accounts changed, introducing a £1 daily charge for its overdraft facilities. This meant that for every day that a consumer made use of a planned overdraft, they would incur a daily fee of £1. At this time, in December 2009, the charging structure of the URCA overdraft also changed, offering a fee-free overdraft of up to £300.

There is some disagreement about how the account was upgraded. Mr B says the upgrade took place during a telephone discussion between him and a representative from Halifax. Halifax has provided information to suggest the upgrade took place online.

In this instance, I think it is possible that a discussion may have taken place over the telephone between Mr B and Halifax about the changes to his overdraft facility, during which Halifax told him about the fee-free overdraft facility offered with the URCA. I think that, following this conversation, Mr B may have decided to upgrade to the URCA online. I say

this because Halifax has provided extracts from its computer systems, showing that Mr B's fee-free account was changed to a packaged account online.

However, ultimately, how the account was upgraded does not affect my opinion that Mr B was given a fair choice about taking the URCA.

It seems, having looked at Mr B's bank statements, that he made frequent use of his overdraft facility and therefore he may have felt he had to upgrade in order to save money. However, I think it was Mr B's personal circumstances, in that he felt he could not afford the £1 daily fee, that influenced him to upgrade, rather than Halifax pressuring him to change his account.

How the account was sold to Mr B is an important consideration, as it affects what the business needed to do in respect of its sales process. If Halifax recommended the account to Mr B based on his personal circumstances, then it was the responsibility of the business to check that the account was suitable for his needs. If not, Halifax only had to provide sufficient information to allow Mr B to make an informed choice about upgrading.

Mr B has said that he was told by Halifax that this was the best account for his needs. And while I do think that a discussion may have previously taken place between Mr B and Halifax about the URCA, I think that the upgrade was carried out online, in the absence of a sales advisor. Therefore, at that time, it was ultimately up to Mr B to assess whether the account was suitable for his own needs and where necessary amend any cover he held elsewhere.

That being said, as I said earlier, Halifax still had a responsibility to provide Mr B with sufficient information about the account to allow him to make an informed choice about upgrading to the URCA. Given that the sale took place online, and without seeing screenshots of the online upgrade process, I cannot be sure of what information was available to Mr B at the point of sale. But, I think that some, if not most, of the benefits of the account would have been mentioned, in order for the account to appear attractive to him.

I accept that it is possible that Halifax didn't give Mr B all of the information about the account that it should have. But I don't think there is anything about the account that he wasn't told that would have put him off taking the account if he'd known about it. I say this because, having considered Mr B's recollections and his use of the overdraft facility, I think he was interested in the fee-free overdraft that the URCA offered, recognising that he may save money as a result of holding the packaged account. I feel that this is supported by Mr B's testimony that when he attempted to downgrade the account, he was reminded by Halifax, of the daily fee he would incur, and on this basis decided to keep the URCA.

Further to this, Halifax has highlighted that Mr B registered a phone under the mobile phone insurance and began to process a claim. Although the claim was not completed, I think this highlights that Mr B may also have had a need for some of the other benefits accompanying the account. I accept that Mr B may not have used all of the benefits offered by the URCA, but packaged bank accounts are rarely tailored to the individual and so it is unlikely that a consumer will make use of every benefit.

I understand that Mr B feels that the URCA has worsened his financial situation as the monthly fee caused him to exceed his planned overdraft facility and incur unplanned overdraft charges. I have reviewed Mr B's bank statements and I can see that on occasion, the monthly fee may have caused him to exceed his planned overdraft limit. However, on the majority of occasions, it was Mr B's spending that was the cause of entering an

unplanned overdraft. Therefore, I cannot say that it was the URCA that was responsible for ongoing unplanned overdraft charges – it's likely that if he'd used his overdraft in the same way he'd have been in a far worse financial situation if he'd kept his free account instead.

Overall, I don't find that Halifax mis-sold this packaged account to Mr B. So it wouldn't be fair for me to ask it to pay him any money.

**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 B either to accept or reject my decision before 9 November 2015.

Paul Reilly  
**ombudsman**