

complaint

Mr M has complained that Bank of Scotland Plc ("BOS") mis-sold an Ultimate Reward Current Account ("URCA") packaged bank account to him in October 2010.

background

One of our adjudicators has looked at this complaint and didn't think BOS had mis-sold the URCA. Mr M disagreed and asked for an ombudsman's 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 to help me decide what to do about Mr M's complaint.

Having carefully thought about everything provided, I don't think BOS mis-sold the URCA to Mr M. I'd like to explain the reasons for my decision.

I've firstly thought about whether Mr M was given a clear choice in taking this account. At this point, I should explain that I have to make my decision based on what I think is most likely to have happened, having weighed up what both Mr M and BOS have been able to provide me with.

From what I've seen, Mr M's account was opened as a fee paying URCA. But Mr M has explained that he did hold a free account prior to this and it is common knowledge in the UK that free banking was available. So I think Mr M would've been aware that free accounts existed and were an option for him.

Mr M has said he was told that it would improve his credit rating if he held the URCA and that it would help him get a mortgage in the future. But I cannot see any declined applications for credit prior to him taking out the URCA or that he ever tried to take out a mortgage with Halifax. So I can't see why Mr M would've believed his credit rating needed improving and I don't think that it is likely that Mr M would've agreed to pay for an account to get a mortgage in the future, but then never take out a mortgage. I think that it's more likely than not that Mr M took out the account due to the benefits that it came with.

I can see that Mr M obtained an overdraft when he took out the URCA. At this time BOS was charging its free current account holders a £1 a day overdraft usage fee to use an agreed overdraft. URCA account holders didn't need to pay this fee as long as they kept to their individual agreed limit as well as the overall URCA limit. Given Mr M's subsequent usage of his overdraft, I think that at this may have been why he agreed to the account.

BOS says it didn't recommend the URCA. And I haven't seen anything here to suggest Mr M's needs were assessed before the URCA was sold, which is what should've happened if the account was recommended. So overall I don't think that BOS did recommend the URCA to Mr M. This means it didn't have to check if the URCA was right for him. It was up to Mr M to do this. But BOS did have to give him clear enough information to do so. I think it's likely Mr M was provided with information on the main benefits included on the URCA. After all BOS was trying to get him to pay for it when he in all likelihood knew she didn't have to.

In any event, when Mr M agreed to the URCA a couple of the main benefits it included were mobile phone insurance, travel insurance and preferential overdraft terms. And having looked at what he's told us about his circumstances, I've seen no obvious reason to suggest Mr M couldn't have used these benefits if he chose to do so. Indeed it looks like Mr M registered at least one handset with the mobile phone insurer. I note Mr M says that he did not register his phone and it may have been the advisor that registered his handset. But this registration was two years after the initial upgrade so I think that it is more likely that Mr M did so, albeit in circumstances he no longer recalls.

Mr M also saved by not having to pay the £1 a day overdraft usage fees that BOS' free accountholders had to pay too. So I think it's fair to say he made some use of the URCA. I accept that Mr M may not have had a need for all the benefits. But the benefits on packaged accounts are sold as overall packages. And it's rare for an accountholder to want and need all the benefits in a given package.

Overall I think Mrs M was eligible for and could've used most of the main benefits of the URCA. So while I'm open to the possibility he might not have been told everything he needed to about all the ins and outs of the URCA, I do think he received enough to know and understand what he was agreeing to.

Mr M may now, with the benefit of hindsight, think he shouldn't have taken out the URCA. And given what he might've read about packaged accounts in general, I can understand why he believes his URCA might've been mis-sold. But I think Mr M chose to take the URCA having a decent appreciation of what it included. So I want to reassure Mr M that having looked at all the information provided and thought about everything he's said, I don't think BOS mis-sold the URCA to him.

Mr M has said that when he downgraded his account online he was not told that he would be charged for his overdraft and that this means, in effect, he does not have a fee free account. Given that the £300 fee free overdraft facility was a listed benefit of the URCA I think that Mr M would have been aware that downgrading from this account would mean that the benefit would no longer be available to him. I should also highlight that Mr M's account is fee free and being charged for using an overdraft does not mean that the account itself is not fee free. I should also highlight that the charging structure for overdrafts would be listed on his bank statements both prior to and after the upgrade. So I don't think that BOS did anything wrong in relation to this.

my final decision

My final decision is that I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 September 2019.

Charlie Newton
ombudsman