

complaint

Mr and Mrs H complain that Barclays Bank Plc (Barclays) mis-sold several packaged accounts to them. They paid a monthly fee for the accounts which offered several benefits in return.

Mr and Mrs H have used a claims management company (CMC) to bring this complaint to us.

background

One of our adjudicators has already looked in to Mr and Mrs H's complaint. He didn't think that the packaged accounts had been mis-sold to them and so didn't recommend that Barclays refund and account fees to them. Mr and Mrs H didn't accept this and asked for an ombudsman to review the complaint.

Mr and Mrs H have held several different packaged accounts with Barclays over the years. Barclays' earliest records show that they had an Additions account from at least January 1998. They upgraded to an Additions Plus account in 2006 and then to the Premier Life account in 2009.

Mr and Mrs H are complaining that they were told take the Premier Life account, after there had been fraud on their account. Their main complaint point is that that they were told to take this account for the ID protection insurance but they also add that they were told it was the only way they could increase their overdraft as well.

Their CMC has added that Mr and Mrs H are complaining about all three packaged accounts but it hasn't provided any further details as to why they believe the first two accounts were mis-sold. Our adjudicator did look into all three packaged accounts but as the main complaint points related to the Premier Life account he wasn't able to say as much about the first two sales. For clarification I have considered all three packaged accounts in this 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 have explained how we handle complaints about packaged bank accounts on our website. I have used this approach to decide what to do about Mr and Mrs H's complaint. Having done so I don't think that the accounts were mis-sold to Mr and Mrs H and I will explain why.

Additions account

Barclays's records don't go back far enough for us to know when this account was opened but it tells us that Mr and Mrs H were existing customers when they took this account. The Additions account was available from May 1996. The earliest statements Barclays has available indicate that Mr and Mrs H had this account in January 1998. So their account was upgraded at some point between these two dates.

Mr and Mrs H and their CMC haven't told us why they think this account was mis-sold to them. I don't have a lot of information about the sale as it was so long ago. So where there is a lack of information I have to decide on balance what I think most likely happened. Barclays tells us that Mr and Mrs H were existing customers so it's likely that they had a free account before upgrading to the Additions account. So considering this I think it's most likely that Mr and Mrs H were given a fair choice to keep their free account or take the Additions account and they chose the latter. So I haven't seen anything to suggest that something went wrong when Mr and Mrs H took this account.

I don't know specifically when Mr and Mrs H took the account so I can't say what all the benefits were on the account at the time they took it. I also don't know enough about Mr and Mrs H's circumstances to know what they might've been attracted to on the account. What I do know is that Barclays charged its customers £5 a month for using their overdraft and by having the Additions account the account fee included using the overdraft and some insurance benefits. Barclays can't tell if Mr and Mrs H had an overdraft before they upgraded but I can see that they were using an overdraft in 1998. So regardless of whether Mr and Mrs H had an existing overdraft or if they took an overdraft when they upgraded, I think not having to pay the overdraft usage fee would have been something they were attracted to.

Additions Plus account

Again Mr and Mrs H and their CMC haven't told us why they are unhappy about how this account was sold to them. And Barclays isn't able to provide much from the time of the sale either. Mr and Mrs H upgraded to this account in November 2006 and Barclays says that this was in branch. At the time Mr and Mrs H took the account it offered; car breakdown, mobile phone insurance, a £250 interest free overdraft, card protection, ID support and other insurance benefits. Mr and Mrs H have told us that they had two cars and two mobile phones so it's possible that they thought these might be useful benefits to them. I can also see the in years prior to this upgrade they had been using their overdraft on a regular basis, although just before the upgrade they hadn't used it as much. But I can see a few months after the upgrade they began using it again. So it's possible they also thought the overdraft benefit with this account would also be useful to them.

Mr and Mrs H's CMC have told us that they did not travel but Mr and Mrs H have told us and the bank that they travelled both within and outside of Europe on a yearly basis. I haven't seen anything to suggest Mr and Mrs H couldn't have relied on the travel insurance if they had wanted to. If they decided to buy separate travel insurance that would have been up to them.

I haven't seen anything to suggest Mr and Mrs H weren't given a fair choice when taking this account. But I think they chose this account because they were attracted to the benefits. If they had any duplicate insurance elsewhere it would have been for them to decide whether to keep or cancel that.

Mr and Mrs H registered a mobile phone in April 2007 and registered for card protection in July 2007 so I think they knew how to use the benefits on the account and thought they were useful as they were relying on them.

Premier Life account

Mr and Mrs H's complaint seems to centre round this upgrade. They have said that fraud occurred on their account and they were told it would help if they took the Premier Life account. Their CMC has also added that Barclays played on Mr and Mrs H's fears and said they should upgrade for the ID protection that came with the account and they were told they would have a personal banker to help them with securing future transactions. Mr and Mrs H have also said they were told they could only increase their overdraft if they upgraded to the Premier Life account.

I can see that Mr and Mrs H reported fraud on their account in July 2009 and their account was upgraded from the Additions Plus to the Premier Life account shortly afterwards in August 2009. I don't know what was said to Mr and Mrs H at the time they upgraded so it's possible they were told to upgrade because of the fraud but I don't think that this is most likely. I say that because the Additions Plus account offered the same card protection and ID support that the Premier Life account offered. So I don't think it's likely they were told to upgrade for this purpose and I'm not persuaded that they felt pressured to do so for this purpose either.

The Premier Life account offered a £1,000 interest free overdraft. It also offered preferential overdraft interest rates on amounts over £1,000. I can see from Mr and Mrs H's statements that they were using their overdraft above this amount at around the time of the upgrade and they continued to use the overdraft in a similar way after the upgrade. So I think it's more likely that they were attracted to this as a benefit of the account and took it for this reason. And looking at the use of their overdraft it's likely to have saved them money, bearing in mind they were only paying an additional £9 for the Premier Life account than they were for the Additions Plus account.

Barclays had a responsibility to provide Mr and Mrs H with enough clear information about the packaged accounts for them to decide if they wanted them. I don't know everything that was discussed they took out the accounts but it seems likely that Barclays would have explained the main benefits, as this would have made the accounts seem more attractive. And Barclays' notes suggest that they spoke to Mr H about his Premier Life account and he confirmed that he was happy with it.

It's possible that detailed information about the account wasn't given to Mr and Mrs H at the time. So I accept that Mr and Mrs H might not have had all of the information they needed when they decided to take the accounts. But I don't think this would necessarily have made a difference to their decision to take the accounts out. Because I don't think any of the information that they might not have known about would have put them off agreeing to the packaged accounts.

Overall I think Mr and Mrs H had a fair choice and opted for the packaged accounts as they were attracted to the benefits they offered. I appreciate that with hindsight Mr and Mrs H may feel that the packaged accounts haven't been of great value to them. And I accept this would be very frustrating bearing in mind the cost. But I haven't seen enough to conclude that the packaged accounts were mis-sold to them.

I want to reassure Mr and Mrs H that I've looked at all the information I have about their complaint. And I've thought about everything they have said. But having done so I don't think Barclays mis-sold the packaged accounts to them.

Mr and Mrs H say that after the fraud occurred their account was locked from internet and telephone banking for 5 years and they say they were unable to access their account other than going into branch and using cards. They say 18 months ago this was sorted and they were finally able to access their accounts. It looks as though any security measures were taking to protect Mr and Mrs H and this was probably the right thing to do in their circumstances. I can't see that Mr and Mrs H complained about this at the time so although I can appreciate it was inconvenient I think Barclays did so with the best intentions and to prevent Mr and Mrs H from any further fraudulent activity on their accounts.

my final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 8 April 2016.

Sophia Smith
ombudsman