

## **complaint**

Mr V complains that Lloyds Bank PLC (“Lloyds”) mis-sold him packaged bank accounts. Mr V took a Select account in 1998 and later downgraded to a free account in 2004. He upgraded to a Premier account in 2010, before downgrading to a Silver packaged account in 2011.

Mr V had a separate account with a third party. This account was a Select account and then a Platinum account before it was downgraded and finally closed. Mr V’s told us he doesn’t want us to look into this account. So my decision only looks at what happened with Mr V’s sole account.

As Lloyds noticed Mr V had been paying fees for two Select accounts between 2001 and 2004, it refunded him the duplicate fees he’d paid. Mr V’s told us he got this money.

Mr V pays a monthly fee for the account, which offers several benefits in return.

## **background**

Our adjudicators have already looked into Mr V’s complaint. They didn’t think Lloyds mis-sold the accounts to him.

Mr V disagreed. He said:

- He can still remember Lloyds’ representative telling him if he wanted an overdraft, he had to have a fee paying account.
- The reason he kept the overdraft after he downgraded his account is because the bank told him it couldn’t just take it off him.
- He feels he’s been mis-sold the account and he’s been mistreated.
- He hasn’t used any of the benefits of the account – he doesn’t agree that he used the breakdown cover and the mobile phone registrations were filled out by the sales person.
- The accounts didn’t save him money going forward.

## **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 Mr V’s complaint.

I’ve thought very carefully about everything Mr V’s sent us and told us. But while I’m sorry to disappoint him, I’ve decided not to uphold his complaint. I’ll explain why.

Lloyds has told us it advised Mr V to upgrade his accounts. This means it needed to check that each one was an appropriate fit for his circumstances. I’ll go through each sale and I’ll explain why I don’t think Lloyds did anything wrong that it needs to put right.

### the Select account

The first thing I've thought about is whether Lloyds let Mr V know he had a choice about whether or not to upgrade his free account to the packaged one. He's told us he was told he had to have a packaged account to get an overdraft. He opened the free account with Lloyds in 1990. Because Lloyds hasn't sent me any records or statements to show what was happening with Mr V's account before 1997, I don't know whether he had any overdraft in place before he upgraded. But having looked at the system notes Lloyds has sent us; it looks like an overdraft was put in place on his account on the day he upgraded. It isn't clear what the limit was, as there's suggestion of a £200 limit although the upgrade notes say '*£50 limit input*'. So I accept it's possible Mr V was told he had to have the Select account before he could get an overdraft.

But for me to say Lloyds didn't give Mr V a choice about upgrading, I have to be persuaded that it's most likely Lloyds' adviser told him he couldn't get an overdraft without taking a packaged account. I've thought very carefully about this. At the time Mr V upgraded, the Select account cost £3 per month. Customers who didn't have a packaged account at that time had to pay Lloyds a monthly overdraft usage fee of around £5 per month. But for Select customers, that fee was waived if the account holder stayed within the interest free limit on the Select account - £50. So as long as they stayed within the £50 limit, it was cheaper for Select account holders to pay for the account rather than paying the overdraft fee.

As Lloyds' notes suggest Mr V was given a limit of £50, I think it's likely the adviser would've explained this to him. After all, this would've been an attractive benefit. And if this was the main part of the discussion, I can understand why Mr V links the sale of the account with getting the overdraft when he thinks back to what happened. But all in all, I haven't seen enough to say Mr V wasn't given a choice about upgrading. I think it's more likely that the adviser told Mr V about the Select account could potentially save him money on his overdraft. And that Mr V decided to go ahead with the upgrade because he thought this might be useful to him.

I've gone on to think about whether the account was an appropriate fit for Mr V's circumstances. The earliest account statements I've seen (and that Lloyds says are available) are dated from 2001. So I don't know if Mr V *did* save money on his overdraft by having the Select account. Mr V told us he had various standalone insurance policies already when the account was upgraded. But it looks like the only insurance benefit on the Select account at this point was card protection, which Mr V hasn't suggested he already had. So I haven't seen enough to make me think Lloyds' overall recommendation of the Select account was unreasonable.

#### the Premier account

After Mr V downgraded the Select account in 2004, the account stayed fee free until he upgraded to the Premier account in 2010. At the point he upgraded, he had a significant overdraft on the free account. So I think he'd have known he didn't have to pay to have a substantial overdraft with Lloyds.

Lloyds has been able to send us some paperwork to show why it recommended Mr V should upgrade to the Premier account. Its notes show that at this point, Mr V's other account and this account both had overdrafts. The adviser recommended that Mr V should take the Premier account and close his other account. His two existing overdrafts were merged into one larger overdraft on this account (and I've seen on his account statements that this is exactly what happened). This was to reduce the amount of overdraft interest Mr V was paying. The Premier account offered Mr V an interest free part of his overdraft up to £500

and then preferential rates above that. So by merging the two overdrafts he had on two free accounts, Mr V would be paying less overdraft interest on the total overdrawn balance.

The summary of recommendations Lloyds has sent us says it recommended the account for the home emergency cover. This is also supported by its notes of the meeting. And it seems that at this point, Mr V intended to stay in his home for at least six months, so I think this cover would've been useful to him. So taking both of these benefits together, I think Lloyds' recommendation seems to have been fair.

#### the Silver account

There isn't much information to show me what happened when Mr V downgraded to the cheaper Silver account. Lloyds' notes don't really show why its adviser recommended this account to him. I can see though from the notes that a few months before the downgrade, Mr V had told Lloyds he was in some financial difficulty. So it's possible the adviser was suggesting ways Mr V could bring his costs down. I can see the account fee should've been £9.95 per month, but Mr V was only paying £5 per month, which makes me think some discussion about cost took place. And Lloyds' notes also show Mr V had raised concerns about the Premier account earlier on that month.

The records the mobile insurer gave Lloyds show a phone had been registered while Mr V had the Premier account. The Silver account was the cheapest account at that time that offered mobile phone insurance. And Mr V went on to register another phone while he had the Silver account, which suggests he had a need for this insurance. This took place sometime after the upgrade, which suggests to me it's most likely to have been Mr V who called the insurer to register the phone. The account also offered Mr V breakdown cover and European travel insurance. While Mr V's told us he already had this cover, he hasn't sent us anything to show what he had in place. And it looks like Mr V had tried to claim on the travel insurance that came with the Premier account only a very short while before he took the Silver account, which makes me think he was relying on the cover that came with the account.

All in all, I think Lloyds' recommendation to take the Silver account seems to have been appropriate taking into account Mr V's circumstances at the time.

It's possible the advisers didn't give Mr V all of the important information about the accounts that they should've done. But I haven't seen enough to suggest Mr V wouldn't have upgraded even if they had.

I understand Mr V complained to the travel insurer. He says he wasn't eligible to make a claim. He hasn't told us what happened, or suggested that it was any shortcoming on the part of the bank that caused the claim to be turned down. He's said Lloyds told him the insurance would cover him for all eventualities. It's possible he was told this. But as no insurance policy covers all eventualities, I think it's more likely the advisers would've explained the main things the policy covered.

And there also wasn't any obligation on Lloyds to keep on checking with Mr V whether the accounts were still right for him after he had upgraded. It was open to him to downgrade the accounts if he didn't think he was getting enough benefit from them, or if he felt they weren't good value for money.

I'd like to reassure Mr V that I've looked very carefully at everything he's sent us. But overall I don't think Lloyds mis-sold him the accounts. So I'm not telling it to pay him any money.

**my final decision**

For the reasons I've given above, my final decision is that I don't uphold Mr V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 10 December 2015.

Lisa Barham  
**ombudsman**