

complaint

Mr and Mrs M have complained that Lloyds Bank Plc mis-sold Select and Silver packaged bank accounts to them. They paid a monthly fee for the accounts which offered several benefits in return.

background

I attach my provisional decision of 16 February 2016, which forms part of this final decision. In my provisional decision I set out why I didn't intend to uphold Mr and Mrs M's complaint about their Select account. But I thought Lloyds' offer to settle their complaint about their Silver account was fair. I invited both parties to make any further comment before I reached a final decision.

No new information or arguments were provided by Lloyds. Mr and Mrs M did respond with a number of points.

For the sake of clarity my decision only deals with Mr and Mrs M's complaint about the Select and Silver accounts. It does not deal with any other issues they may have experienced recently.

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've thought about what Mr and Mrs M have said about not being offered a free account during their discussion with Lloyds and their knowledge not being the issue. But I don't agree. I think their knowledge at the point of sale was relevant as it will have informed some of their decision making to take the account. And in Mr and Mrs M's individual circumstances, I remain of the view that Lloyds didn't need to offer a free account for them to know this was an option they had with it or another bank.

Mr and Mrs M have also said that they didn't need car breakdown cover as Mr M is a trained mechanic and he could call on his friend who owned a garage. But the customer note from November 2006 states Mr and Mrs M wished to remain on the Select account because they used the car breakdown cover – which suggests they actually had had a need and want for it. And as I pointed out in my provisional decision, the Select account offered them this for the cost of £3 to £4 a month. All in all I find the note to be more persuasive evidence.

I don't doubt Mr M uses specialist travel insurance. But as Lloyds has already agreed to refund the difference in the fees between the Select and Silver accounts (the latter having travel insurance on it), I don't think I need to comment on this issue any further.

Finally, Mr and Mrs M have made a number of additional points about recent correspondence they've received from Lloyds and comments made by a member of staff when they visited the branch. I understand their strength of feeling on this matter. But for me to find the Select account was mis-sold I need to be satisfied the bank did something wrong at the time it sold the account to them. But having carefully reviewed everything they and Lloyds have provided I don't think this is the case.

So taking the evidence as a whole, I see no reason to change the conclusions set out in my provisional decision.

my final decision

My final decision is that the offer made by Lloyds Bank Plc in respect of Mr and Mrs M's Silver packaged account is fair. For the reasons I've given, I don't think it mis-sold the Select account. If Mr and Mrs M accept this decision, Lloyds Bank Plc should pay Mr and Mrs M the compensation it has proposed.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 11 April 2016.

Sarita Taylor
ombudsman

copy of provisional decision

complaint

Mr and Mrs M have complained that Lloyds Bank Plc mis-sold Select and Silver packaged bank accounts to them. They paid a monthly fee for the accounts which offered several benefits in return.

background

Lloyds records show Mr and Mrs M opened a Select packaged bank account in 2000, before upgrading to a Silver packaged bank account in 2013.

We initially looked into Mr and Mrs M's complaint and didn't think that Lloyds had mis-sold the Select packaged account to them. We did however accept the bank had mis-sold the Silver account and recommended Lloyds refund the difference in the Select and Silver fees. Mr and Mrs M didn't accept the conclusion about the sale of their Select account. They also queried the settlement figure for their Silver account.

Mr and Mrs M asked that an ombudsman look at the complaint afresh and decide the complaint outcome.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We've 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 M's complaint.

Having thought carefully about all the points that have been made, I don't think Lloyds mis-sold the Select packaged bank account to Mr and Mrs M. I also think that Lloyds' offer to settle the complaint about the sale of their Silver account is fair and reasonable. I'd like to explain in a little more detail how I have come to this conclusion.

select account

Mr and Mrs M say that they should've been offered a free account on which they could have earned a better rate of interest on their credit balance. I don't know everything that was said at the time. But I can see that Mr and Mrs M had another fee free account before. And there's no indication that their free account was no longer available to them. So overall I think it's most likely that Mr and Mrs M would've already known that they didn't need to pay for an account if they didn't want to. And they didn't need to be specifically offered one again to know that it was an option. Taking the evidence as a whole, I think Mr and Mrs M most likely knew they could have a free account and they agreed to take the Select account because they were interested in some of the benefits.

Lloyds says it recommended the Select account to Mr and Mrs M. This means it had to make a fair recommendation by taking adequate steps to ensure that the selected account was a reasonable fit for their circumstances. I don't know exactly how Lloyds enquired into Mr and Mrs M's circumstances before recommending the account. But I don't think that any shortcomings that may have existed in Lloyds' assessment of Mr and Mrs M's demands and needs resulted in an unfair recommendation being made to them.

The Select account offered a number of benefits over a fee free account. These included car breakdown cover. Lloyds says its earliest records show that Mr and Mrs M used the car breakdown cover in 2001. As this happened almost 15 years ago I can understand why Mr and Mrs M can't remember the call out or what it was for. But for the same reasons, it's also unsurprising that Lloyds can't provide any detailed information. But Lloyds has provided a copy of a search it undertook to establish what benefits Mr and Mrs M had used over the years. Having seen a copy of that search with Mr and Mrs M's account details on it, I have no reason to doubt the authenticity of the results. This represents some of the best evidence I have and overall I think it's most likely Mr and Mrs M did rely on the car breakdown cover.

Mr and Mrs M have said that if they broke down they could've called an acquaintance at their local garage. But for the cost of £3 to £4 a month, the account gave them the peace of mind of the cover all year round and offered them assistance if they needed it further afield. Lloyds has also provided a copy of a contact note from November 2006. This note states Lloyds called Mrs M after it had given her some information to see if she and her husband wished to consider a different account. The note suggests Mrs M wished to remain on the Select account because she and her husband used the breakdown cover and were now also using the mobile phone insurance. Having regard for this evidence and the fact that Mr and Mrs M don't appear to have had any like for like cover elsewhere, I think it's most likely that the main reason the Select account was taken was because Mr and Mrs M's need and want for car breakdown cover.

Lloyds has said Mr and Mrs M also used the mobile phone insurance that came with the account after it was added as a feature. *This* - taken with the bank's note (above), leads me to think Mr and Mrs M have generally been happy with the account to justify the monthly fee.

I accept there may have been benefits that might not have been as useful to Mr and Mrs M. But packaged bank accounts are rarely tailored to individuals so it's unlikely every customer will find every benefit useful - but this doesn't mean the account was mis-sold.

It's possible that Lloyds didn't tell Mr and Mrs M everything it should've about the packaged account. But I haven't seen anything to make me think that Mr and Ms M wouldn't still have taken the account even if Lloyds had told them everything.

With hindsight, Mr and Mrs M might feel that the packaged account wasn't particularly beneficial to them. But taking everything I've seen, I think it's most likely that they agreed to take the account, knowing they had a choice and that they were taking an account with benefits that cost a fee.

I want to reassure Mr and Mrs M that I have looked at all the information I have about their complaint. But having done so I don't think Lloyds mis-sold the Select account to them. I don't think it needs to refund the fees.

redress payable for the Silver account

Lloyds has already accepted that the Silver account wasn't a good fit for Mr and Mrs M, so I won't go into the ins and outs of that sale. However, Mr and Mrs M have queried the settlement amount Lloyds has offered them following the adjudicator's recommendation. As set out above, I'm satisfied Mr and Mrs M would've known they could have a free account if that's what they wanted, and the evidence actually suggests they've been happy to stay on the Select account because of the access it's given them to particular benefits. In these

circumstances, I don't think Mr and Mrs M would've taken a different account. But I do think they would've kept the Select account. So with this in mind, I think Lloyds only needs to pay them the difference between the monthly Select fee and the monthly Silver fee for the time that they held the Silver account, which is what Lloyds has already offered to do with 8% interest.

Finally, I note Mr and Mrs M have also expressed concerns that their complaint has taken rather longer to deal with because they didn't get a written response from Lloyds. I'm sorry to hear about their frustration but Lloyds records do indicate that they spoke to Mr and Mrs M in July 2015 to tell them about the outcome. As this was within a reasonable timeframe and there's nothing to suggest they've suffered any material inconvenience as a result of not having a letter, I don't think the bank needs to do anymore.

my provisional decision

My provisional decision is that the offer made by Lloyds Bank Plc in respect of Mr and Mrs M's Silver packaged account is fair. For the reasons I've given, I don't think it mis-sold the Select account. If Mr and Mrs M accept this decision, Lloyds Bank should pay Mr and Mrs M the compensation it has proposed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 16 March 2016.

Sarita Taylor
ombudsman