

## **complaint**

Mrs H has complained that Bank of Scotland Plc (trading as Halifax) mis-sold an Ultimate Reward Current Account (URCA) to her in August 2012. She pays a monthly fee for the packaged bank account and receives several benefits in return.

## **background**

I attach my provisional decision of 21 January 2016, which forms part of this final decision. In my provisional decision I explained why I was not planning to uphold Mrs H's mis-selling complaint. And that I felt Halifax did enough to tell her about the fee waiver changes it put in place.

But I could see that she'd tried to downgrade her account (in April 2015) and that didn't happen. So I felt Halifax needed to downgrade Mrs H's account to a fee free account and put her in the position she would've been in had it downgraded her account when she requested it. In response, Halifax agreed to do this. Halifax has also offered Mrs H a payment of £100 for trouble and upset.

Mrs H has accepted the £100 payment, but still feels her account was mis-sold. She's made the following main points in response to my provisional decision:

- When she upgraded the URCA was glorified to her and she felt pressured to upgrade her account. She's also said she was told if she took the account she'd stand a better chance of getting a mortgage.
- Halifax didn't give her enough information when she upgraded her account. And she was very unhappy to later learn that Mr H wasn't covered for his existing medical conditions when they went away on holiday. She also didn't use the benefits and is unhappy about how much the account has cost her.
- She's also not happy that Halifax recently sent her an annual eligibility statement (in September 2015) after she'd already made her complaint. She's said it includes some of the information she should've been told when she upgraded and wasn't. And that this is the first time she received this information.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I set out in my provisional decision what I would need to think about to decide the case. Having done so, I am still reaching the same outcome that I set out in my provisional decision. But I would like to comment on some of the points Mrs H has raised in response.

- I've thought about what Mrs H has said about being told she'd have a better chance of getting a mortgage if she upgraded her account. But as explained in my provisional decision, I think she chose to upgrade her account. I can see that the account offers discounts on mortgages (and other banking products.) So I think it's more likely Halifax told Mrs H that she could get discounts on a mortgage by having the account, rather than saying the account would have improved her chances of getting a mortgage.

- As explained in my provisional decision, I don't know if Mrs H was given all the information she should have been when she upgraded her account. But I explained that even if she had been told everything, I think she still would've upgraded. And I concluded that she hadn't lost out, even if she hadn't been told about the limitations of the travel insurance for her husband.

I also went on to look at the information she was given after the sale. This was to decide if Halifax did enough to let Mrs H know about the changes to her fee waiver and I explained why I felt Halifax did do enough.

I appreciate what Mrs H has said about Halifax only sending her information about the account after she made her complaint. But Halifax did still have to send Mrs H information about the account, like reminders of the benefits and updates or changes to the benefits. And looking at Mrs H's contact record, whilst she's said she hasn't received this information until recently, I can see a large number of mailings have been sent. So I think it's more likely Halifax has written to her about the account over its lifetime.

- I accept Mrs H may not have used all the benefits on the account, but this doesn't mean Halifax mis-sold the account. As I explained, I think Mrs H was willing to pay a fee for the benefits she was attracted to.

I want to reassure Mrs H that I have carefully considered everything she's told me about her complaint. But, altogether I don't think the URCA account was mis-sold to her and I don't uphold this aspect of her complaint.

#### **what Halifax needs to do next**

Halifax should downgrade Mrs H's account and refund her the packaged account fees she's paid since she tried to downgrade on 15 April 2015 and it should add simple interest to each payment from the date it was paid until she gets it back. The rate of interest should be 8% simple at year†.

And Halifax has offered to pay Mrs H a trouble and upset payment of £100.

†HM Revenue & Customs requires Halifax to take off tax from this interest. Halifax must give Miss H a certificate showing how much tax it's taken off if she asks for one.

**my final decision**

For the reasons explained in my provisional decision and above, I'm not upholding Mrs H's mis-sale complaint – but I do think that Bank of Scotland Plc should pay some compensation. So I direct Bank of Scotland Plc to pay compensation in the way I've detailed above.

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

Claire White  
**ombudsman**

## **my provisional decision**

### **complaint**

Mrs H has complained that Bank of Scotland Plc (trading as Halifax) mis-sold an Ultimate Reward Current account (URCA) to her in August 2012. She pays a monthly fee for the packaged bank account and receives several benefits in return.

### **background**

One of our adjudicators has looked into Mrs H's complaint already. The adjudicator thought that Halifax mis-sold the packaged account to Mrs H and recommended that Halifax should pay her compensation. Halifax didn't accept this recommendation and asked for an ombudsman to look at the complaint and make a final decision.

### **my provisional findings**

I've considered all the available evidence and arguments to decide what is 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 Mrs H's complaint.

I currently don't think Halifax mis-sold the packaged account to Mrs H. And I think that when it changed how to qualify for the £5 reduction in fees, Halifax did enough to let Mrs H know about this. But I think Mrs H has taken steps to try and downgrade her account and this hasn't happened. So I think Halifax should refund her account fees from when she tried to do this (15 April 2015) and downgrade her account. I will take each point in turn and explain why I think this.

#### the sale of the URCA to Mrs H.

- Mrs H took the packaged bank account by switching from a free account. So I think she was aware she didn't have to have a packaged account. Mrs H has said she felt pressured into upgrading her account. I've thought about this carefully. I've also listened to a call between Halifax and Mrs H where she's also explained why she was unhappy with the account. Mrs H has said she originally agreed to upgrade, but now doesn't think the account was good value. Looking at everything I have, there's not enough for me to say she was pressured into upgrading the account. So I can't uphold her complaint because of this. I think it's more likely that she chose the account because she was attracted to some of the benefits.
- I don't have enough to say Halifax assessed Mrs H's needs and recommended the account to her. But Halifax still needed to give Mrs H enough clear information about the packaged account for her to decide if she wanted it. From what Mrs H has said, I think she was aware of the main benefits and the cost. So I think she was given some information.
- Mrs H has said she was aware she needed to keep her overdraft under £300 to benefit from the preferential rate. This suggests to me she would've known if she went over this amount she'd incur overdraft charges. From how she used her overdraft, I don't think she would've benefited from the preferential overdraft. But I think she would've known this was the case and I don't think the preferential overdraft was the reason she upgraded her account. From listening to her call with Halifax where they discussed her complaint, it appears the main reason for upgrading was the mobile phone insurance.
- It's possible that Halifax didn't tell Mrs H everything it should have about the packaged account. And I can see Mrs H has said she wasn't given enough information. But I haven't seen anything to make me think that Mrs H wouldn't still have taken the account even if Halifax had told her everything. Mrs H has said that her husband had health problems when she took out the account

and so wouldn't have been insured under the travel insurance. And I can see that this would've needed to be declared to the insurer who may not have provided cover for this. But if she had been told this, I think she would've still taken out the account as she mainly wanted the mobile phone insurance and I can't see any reason why she wasn't able to make full use of this benefit.

Mrs H has said when she took out the account she didn't have any existing conditions so she would've been covered and her husband would've been covered for anything not related to his existing condition. I can also see she's said they travelled without realising they needed to declare conditions (suggesting she was relying on the cover provided by the account.) I can't be sure that Mrs H was given clear information about the need to register her husband's health condition. But as they didn't need to claim for anything resulting from her husband's condition, and because I don't think this was the primary reason why she took the account, I don't think she's lost out because of this.

- I can see Mrs H has said she had some duplicate cover. But as I think she was aware of the main benefits of the account it would've been her decision to maintain any existing cover.
- I appreciate what Mrs H has said about now realising she could've got cheaper mobile phone cover through her mobile phone company. And that she doesn't think the account was good value for money, especially as she only went on holiday twice. But this doesn't mean the account was initially mis-sold to her. I think at the time of the upgrade she was willing to pay a fee for the benefits she was attracted to. And although it appears Mrs H may not have used all the benefits on the account, this doesn't mean Halifax mis-sold the account.

I want to reassure Mrs H that I've looked at all the information provided about her mis-sale complaint. And having done so, I currently don't think Halifax mis-sold the packaged account to her.

telling Mrs H about the changes in fees (and how to qualify for the £5 reduction in monthly fees)

- Mrs H has said she's not happy she's been paying £15 rather than £10 per month despite putting in £1,000 into her account each month. She's said that she didn't know she needed to be in credit to receive the £5 fee waiver. When Mrs H first upgraded her account there wasn't a requirement to be in credit to qualify for the fee waiver. And I can see she was getting the fee waiver. But Halifax then changed the criteria for the fee waiver which included needing to stay in credit at the end of each month. And I can see from July 2013 she started paying £15 when she was in her overdraft at the end of the month.
- I now need to think about whether or not I think Halifax did enough to tell Mrs H about these changes. Halifax has provided a record of Mrs H's contact history which shows that in January 2013 a letter about these changes was sent. Having looked at an example of the letter it makes the changes to the fee waiver criteria clear. And Halifax has said it sent the letter to the address it had on file for Mrs H. So taking everything into account I think Halifax did enough to tell Mrs H about these changes to the account.

downgrading Mrs H's account

- Mrs H has said she was cut off when she tried to downgrade (and I note in the call I've listened to this appears to have happened.) She's also said she's not been able to visit a branch due to ill health. Having listened to a call between Mrs H and Halifax on 15 April 2015 Mrs H does make it clear at this point she would like to downgrade her account. And Halifax has said the account is still an URCA. So I think Halifax should downgrade Mrs H's account and refund her the packaged account fees she's paid since she tried to downgrade in April 2015 and it should add simple interest to each payment from the date it was paid until she gets it back. The rate of interest should be 8% simple at year†.

†HM Revenue & Customs requires Halifax to take off tax from this interest. Halifax must give Miss H a certificate showing how much tax it's taken off if she asks for one.

**my provisional decision**

For the reasons I've explained, I don't plan to uphold Mrs H's complaint about the mis-sale of her packaged account. But I currently do think Bank of Scotland Plc should downgrade Mrs H's account and repay her some fees in the way I've described above.

Unless I get any new information that makes a difference from either Mrs H or Bank of Scotland Plc by 11 April 2016 I plan to issue a final decision as outlined above.

Claire White  
**ombudsman**