

## **complaint**

Mrs H has complained that Bank of Scotland plc ("BoS") mis-sold an Ultimate Reward Current Account ("URCA") packaged bank account to her in 2010. She paid a monthly fee for the account and could have used several benefits in return.

## **background**

One of our adjudicators has looked into Mrs H's complaint already. The adjudicator didn't think that BoS mis-sold the packaged account to Mrs H and didn't recommend that BoS should pay her any compensation. Mrs H didn't accept this recommendation and asked for an ombudsman to look at the complaint and make a 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've explained how we handle complaints about packaged bank accounts on our website. I've used this approach to decide what to do about Mrs H's complaint.

I agree with our adjudicator that BoS didn't mis-sell the packaged account to Mrs H and so it doesn't owe her any compensation. This is because:

Mrs H opened a fee free account with BoS in 2010. She has told us that her account was upgraded automatically online later that year when she enquired about getting an overdraft facility added to it. However BoS has provided us with evidence that shows that Mrs H was given a £250 overdraft with her account when it was first opened. BoS says that when Mrs H used her overdraft (on the fee free account) she was charged £1 per day, within the £250 allowance, and then £5 per day if she exceeded the agreed limit. However, when Mrs H's account changed to an URCA she was able to use her overdraft facility for free if she stayed within the £250 limit.

There has been a lot of confusion around how these charges work and whether or not Mrs H could have had an account, that wasn't a packaged account, but which would have provided her with an fee free overdraft. Mrs H has recently changed her account to a 'Classic Vantage', which, providing she pays in a fixed amount each month, is a fee free account and which also includes a £250 interest free overdraft facility. Mrs H feels it's unfair that at the time her account was upgraded, it wasn't upgraded to the Classic Vantage account, or similar. She says that she never needed the URCA account as she had no need for any of the insurance benefits and only ever wanted the fee free overdraft facility that came with it.

In addition to this, Mrs H has also expressed her concern that when her account was changed online, she was not asked to sign anything. She says that she believes the bank should have spoken to her to ensure she understood the type of account she was now getting. When she changed her account recently she did so during a face to face account review where she had the opportunity to discuss the various options and she was asked questions about her circumstances, including whether or not she needed any of the insurance benefits that come with packaged accounts. Finally Mrs H has also told us that she wasn't notified that the cost of the URCA was going to increase in 2011.

BoS has confirmed that it did not advise Mrs H to take out the URCA account. This seems likely to me as Mrs H has confirmed her account was upgraded online. So she wouldn't have had the opportunity to speak to a BoS representative. Sales of packaged accounts can happen in two different ways and each way places different obligations on the bank. In an advised sale, where the consumer is given a detailed recommendation regarding a packaged account, a business is required to make sure the account is suitable for the consumer. This generally happens by asking the consumer questions about their personal circumstances. It also has to provide the consumer with enough information about the account for them to make an informed choice about it.

In non-advised sales, like the one BoS and Mrs H have described for the URCA, there is no obligation on the business to ask the consumer any questions about their personal circumstances or whether or not they need the individual elements of a packaged account. However, the business still has to provide the consumer with enough information about the account for them to decide whether or not they want to take it.

Mrs H has said the account was automatically upgraded online, but I think it's more likely she upgraded it herself while online as it was the only account that offered a fee free overdraft facility at that time. And I accept Mrs H's testimony that this was the only benefit she was interested in and that she wasn't interested in the insurance benefits that also came with the account. However packaged accounts are rarely tailored to the individual, so it's unlikely Mrs H would have found every benefit useful. And I've not seen anything to suggest she couldn't potentially have used most of the other benefits. In fact Mrs H and BoS have confirmed that she registered two different mobile phones under the policy so I think it's likely she was given information about the benefits that came with the account and understood how it worked. So while Mrs H may not have used the other benefits available to her I think she was given enough information to understand the account came with benefits and that it would cost her money every month.

Regarding Mrs H's concerns that she never signed for her account to be changed, as the upgrade happened online there would be no opportunity for her to sign in the traditional sense. However in order to access her account information and make the changes to it, Mrs H would have been asked to provide certain passwords and security information. These passwords serve as a way of proving the account holder is the one accessing the account and so have the same legal effect as a signature would. So don't think that BoS did anything wrong in failing to ask Mrs H for a physical signature after her account was changed. And the business has provided us with samples of the letter and linked leaflet that it says was sent out to people who had URCA's in 2011 when the fees were restructured. So while Mrs H may not recall getting this letter it seems most likely that she would have been notified that the cost of the account was changing.

It's possible that BoS didn't tell Mrs H everything it should have about the packaged account. But I haven't seen anything to make me think that Mrs H would not still have taken the account even BoS had told her everything. I understand that Mrs H feels she paid for an account that she didn't want in order to get the fee free overdraft. She has told us that she should have been offered the account she currently has as it is a better fit for her needs. However the account Mrs H recently changed to wasn't available at the time she took out the URCA so it's not unreasonable that it wasn't offered to her.

BoS has confirmed that although Mrs H did pay a fee every month for her URCA, the savings she made on the fee free overdraft facility on her account outweigh the overall cost of the account. This calculation is based on the assumption that had Mrs H used her

overdraft every month in the exact same way, but without having upgraded her account (so not paying the account fee but still paying the overdraft facility charges that came with her original account) she would have paid more in overdraft fees than she has paid in account charges. So although Mrs H didn't use many of the other benefits that came with the account and having looked at everything in the round, I still think Mrs H has benefitted financially from having the packaged account.

I want to reassure Mrs H that I've looked at all the information I have about her complaint. And I've thought very carefully about everything she has said. But having done so I don't think BoS mis-sold the packaged account to her. So I don't think it owes her any money.

**my final decision**

For the reasons I've explained, I don't uphold Mrs H's complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 29 December 2015.

Karen Hanlon  
**ombudsman**