

complaint

Mr N complains that Barclays Bank Plc mis-sold him packaged bank accounts. The first of the packaged accounts was the Current Account Plus account which was opened in July 2009. In April 2010 Mr N upgraded to the Premier Life account. This was downgraded in July 2013 when Mr N took two separate add-on packs to his current account – the Tech pack and the Travel pack.

He is represented in this matter by a claims management company (CMC).

background

As Barclays didn't agree to uphold Mr N's complaint he brought it to this Service. Our adjudicator considered it and recommended that the complaint be upheld and asked Barclays to pay Mr N some compensation.

Barclays told us that it didn't agree with our adjudicator's assessment. More recently the team at Barclays which looked at the complaint about the Current Account Plus and the Premier Life account has indicated that it is willing to make an offer in respect of the sale of those products. But we haven't heard anything more from the team which looks into the Tech and Travel packs complaints since it told us it didn't agree with our adjudicator's assessment.

I think that what happened in 2009 and 2010 is important in my considerations about what is likely to have happened in 2013. So this final decision concerns all three sales.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with our adjudicator and I uphold the whole of Mr N's complaint. I will explain my reasons below.

Mr N tells us that he had some cash in 2009 and that he wanted to open an account with Barclays in order to deposit it and possibly earn some interest. I can see from his statements that when he opened his Current Account Plus he did so with a deposit of £1,000. And he continued to make a number of deposits over the following months. During the early period the debits on his account were usually the account fee which was increased from £3 in the first month to £5 until he upgraded to the Premier Life account. This leads me to conclude that Mr N has a fairly good recollection of what happened.

Mr N says he wasn't made aware that he could have a free account and agreed to open the Current Account Plus because that was what was suggested to him by the Barclays advisor. He explains that he trusted Barclays and that he didn't question what happened then or later because of his health conditions. I understand that a few years before, Mr N had retired from work early due to serious health issues. I can see from contact notes that Mr N has told Barclays that he lived with a carer and was disabled due to medical conditions.

Barclays has provided some documentation from the opening of the account. I accept that Mr N has signed the acknowledgement letter indicating that he was agreeing to open the Current Account Plus. But Mr N's complaint wasn't that he hadn't consented. He says he wasn't told what the options were.

Where the evidence is unclear or there are conflicts I make my decision based on the balance of probabilities. In other words I look at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to have happened.

The Current Account Plus didn't provide a very comprehensive package of benefits. They included mobile phone insurance, card protection and extended warranty. The main benefit - and the one Barclays says was attractive to Mr N - was the preferential overdraft. This meant that an overdraft was interest free for the first £300. And I understand that at the point he opened his account he was also given a £300 overdraft facility. But Mr N didn't use that facility on his Current Account Plus. He appears to have kept a relatively healthy credit balance on it.

Barclays tells us what process its advisor would have followed. It says she would've told Mr N all about the benefits and the costs. I can see that the monthly fee is referred to in the acknowledgement form. And it says that the welcome pack would be sent on - suggesting that it wasn't provided during the meeting. But I also see that the advisor has required Mr N to initial in 14 boxes on another page to acknowledge certain points. But this part of the form wasn't for Mr N to initial - it was for the advisor. And I can see he has entered his initials in all the boxes - some of which don't make sense. So I think it's likely his form was put in front of Mr N to initial and he did so without a proper opportunity to read and reflect on what the form was. And given this error on the part of the advisor I don't think I can put much weight on Barclays' argument that certain processes would've been followed by her.

I find Mr N to be plausible and I don't think he was given all the options. In light of how he went on to use his Current Account Plus I think that if he'd been told about the option of a free account he would have taken that and not the paid-for packaged account.

A few months later Mr N upgraded his account from one of the cheapest packaged accounts Barclays offered to one of its most expensive. The Premier Life account offered a comprehensive package of benefits in return for a monthly fee of £25. Again Barclays has provided a copy of Mr N's signed acknowledgement form. I accept that it seems he chose to upgrade to this account. But given his circumstances and his ability (or inability) to rely on the benefits I don't think it's like he was told clearly about the account and what his alternatives were.

This account provided a £1,000 interest free overdraft (subject to the consumer being approved for that size of overdraft facility). But it seems that Mr N continued to keep a relatively healthy balance for some time and he didn't use his overdraft facility (which I understand remained at £300) until well over a year later. Even then he only dipped into his overdraft from time to time. So I don't think it was the preferential overdraft which attracted him.

The Premier Life account also provided comprehensive car breakdown cover. But Mr N didn't drive or have a car so I doubt that was what drew him to the account.

Another benefit was home emergency cover. But Mr N lived in rented accommodation and it seems Barclays was aware of this. So whilst it was in theory open to him to rely on it - subject to obtaining his landlord's consent - its usefulness was limited.

Barclays tells us that Mr N registered for the airport lounge benefit. I accept it's possible that he did but it's not clear when this happened – it may also have been done during the upgrade meeting. I note that a few weeks later there is a debit and credit of £1 on one day to the airport lounge provider. This is unusual activity and there doesn't appear to be an explanation. But even if I accept that Mr N – in his own free time registered for this benefit, I'm not persuaded that it's likely he would have agreed to upgrade to this account for it. It's more likely that he thought that as it was available he might as well register.

The Premier Life account provided worldwide, multi-trip, family travel insurance. Mr N tells us he didn't travel overseas – this was because of his medical conditions and on the advice of his doctor. I can see that in the contact notes, Barclays hold, it says that Mr N indicated that he did travel once a year. And Barclays says he undertook a medical assessment on the day he upgraded to the Premier Life account. But it also acknowledges that there seems to be an error in its records because reference is made to an Additions Active account at that time – but it agrees Mr N didn't ever hold this type of packaged account. So I have some concerns about the reliability of the Barclays evidence on this point. But again – even if I accept that Mr N was attracted to the worldwide travel insurance and he had been able to rely on it with his medical conditions, I don't think he would have chosen it, if given clear information. This is because I cannot see any other attraction to this account which means that - in effect – Mr N would pay £300 each year for travel insurance for his one trip.

Barclays also thinks Mr N was attracted to the mobile phone insurance which came with the Premier Life account. But this was a benefit of the Current Account Plus too. And on both accounts it was a requirement to register the mobile phone to put it on cover. But Mr N didn't register his phone after opening the Current Account Plus or upgrading to the Premier Life account. Barclays has provided some dates of registrations and claims. But according to these he made two claims - one in May 2012 and the other in March 2013. However it seems he didn't register until sometime afterwards. So I think there may be an error within the information provided by Barclays. And I'm not persuaded that it's sufficient for me to safely conclude that Mr N took either of these accounts for this benefit.

Taking all of this together, whilst I accept that Mr N may have agreed to take the Current Account Plus and Premier Life account I don't think he was given clear enough information about either to allow him to make a fully informed decision. If he had, I think he would have taken and kept a free account.

In July 2013 Mr N downgraded his Premier Life account and took the two "packs" I refer to above. Barclays has provided us with copies of the signed tick box forms completed by Mr N at this point.

I think it's important to keep in mind my findings above - I'm not persuaded that in his earlier dealings with Barclays that it ever made it clear to Mr N that he could have a simple free account. He says he didn't choose to downgrade as such. Rather the lady at the branch asked him why he was on the Premier Life account and downgraded it for him – so that he came out with the two packs.

I've carefully looked at the forms Mr N signed. I'm not persuaded that either of these are particularly clear about the accounts. For example in the Tech pack form there is reference to close relatives having pre-existing medical conditions (in other words matters relating to the Travel pack).

And the Travel pack form doesn't make any reference to the very significant exclusion on the cover because of Mr N's medical condition – which Barclays says would have been discussed and made clear to him before he agreed to take the Travel pack.

But I don't think that these failings concerning specific information relating to the cover provided by the packs matters. This is because I find Mr N to be credible and I don't think that there is anything in either of these forms which made it clear to Mr N that he could have a free account. And I think if Barclays had made that clear to him, he wouldn't have taken either – especially as the cover on the Travel was so limited.

fair compensation

I require Barclays Bank Plc to pay Mr N fair compensation by refunding all of the fees he has paid for the Current Account Plus, the Premier Life account, and the Tech and Travel packs, together with interest on each of these account fees at a rate of 8% simple per year[†] from the date of payment to the date the compensation is paid.

[†] HM Revenue & Customs requires Barclays to take off tax from this interest. It must give Mr N a certificate showing how much tax it's taken off if he asks for one.

It seems that from time to time Mr N may have made some savings on the interest he paid on his overdraft because he had the packaged accounts. If Barclays can show exactly how much Mr N saved, it may deduct these savings from the amount it pays him. Barclays must explain clearly and simply to Mr N how it has worked out any savings.

my final decision

For the reasons I've explained I uphold this complaint and require Barclays Bank Plc to pay Mr N fair compensations as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 10 March 2016.

EJ Forbes
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