

## **complaint**

Mr M has complained that Santander UK Plc (Santander) mis-sold a Reward packaged bank account to him in 2009. He paid a monthly fee for the account which provided several benefits in return.

## **background**

I attach my provisional decision of 5 May 2016, which forms part of this final decision. In my provisional decision I set out why I thought I should uphold Mr M's complaint. I asked both Mr M and Santander to provide any further new comments and any new evidence before I made my final decision.

Mr M and Santander have confirmed they accept my provisional decision.

## **my findings**

I've considered 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.

As both Mr M and Santander haven't provided me with anything new that changes my mind, I'm not going to change the findings or outcome I set out in my provisional decision. And both Mr M and Santander have accepted this.

## **fair compensation**

Santander should put Mr M in the position he'd be in now if he hadn't upgraded to the Reward account in 2009. Santander should:

- Pay Mr M the amount he's paid each month for the Reward account.
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 8% a year<sup>†</sup>.
- If Mr M has saved money because of a better rate on her overdraft, loan or savings account by having the packaged account and Santander can show exactly how much Mr M saved, it may deduct these savings from the amount it pays him. Santander must explain clearly and simply to Mr M how it has worked out any savings.

<sup>†</sup> HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Mr M a certificate showing how much tax it's taken off if he asks for one.

**my final decision**

For the reasons I've explained, I uphold Mr M's complaint and Santander UK Plc should put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 23 June 2016.

Claire White  
**ombudsman**

## **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 Mr M's complaint. Having done so, I think that something did go wrong with the upgrade to the Reward account and I'm currently planning on upholding Mr M's complaint. I'll explain why below.

Firstly it would be helpful to explain Mr M's account history. Mr M originally held a fee free current account for several years before upgrading to a Reward account on 30 November 2009. He then had a £100 overdraft added to his account the following day and Santander has said this was by the same representative who upgraded his account.

Mr M has said he upgraded as this was the only way he could obtain an overdraft due to his financial situation. He's said he made multiple attempts to apply for an overdraft on his account prior to upgrading to a packaged account which were unsuccessful. Santander has said that the packaged account wouldn't have had an impact on whether or not Mr M would've had an overdraft approved.

It's clear that the overdraft on Mr M's account wasn't added until his account became a packaged account. Santander has been unable to confirm whether or not Mr M made unsuccessful overdraft applications whilst he's held his fee free account. So it may well have been the case, as Mr M has said, that he did attempt to add an overdraft to his fee free account and was unsuccessful.

I've also thought about what Mr M has said about his financial circumstances at the time of the upgrade. At times Santander has said Mr M's overdraft wasn't approved through the normal process and was approved by "collections and recoveries". They've said this was because he wouldn't have been approved using the normal process and so it was given to help him with his financial situation at the time. But it's said that through this process ("collections and recoveries") he could've obtained an overdraft on a fee free account. Santander has since said this wasn't the case and the overdraft was actually added in branch through their normal process. And that the packaged account wouldn't have impacted on his overdraft application. But Santander has said there are "collections notes" on his account before and after the upgrade. Regardless of how the overdraft was added to his account, the surrounding information suggests Mr M was having some difficulties with his finances around the time his account was upgraded.

Taking everything into account I think it's more likely Mr M upgraded his account because he thought this was the only way he could obtain an overdraft. And so I don't think he was given fair choice. Mr M has consistently said he only upgraded his account to obtain an overdraft. And that due to his financial circumstances he was told he'd have to have a packaged account to do this. And the surrounding evidence shows Mr M didn't have an overdraft before this time and had some financial difficulties both before and after he upgraded. I think it's more likely that if Santander had given him a fair choice Mr M wouldn't have taken a packaged account.

I've noted that Mr M went on to register items under some of the insurance features of the account. But as I think Mr M was paying a monthly fee for an account he thought he had to have, it's not unreasonable he went on to use some of the features of the account. Santander has also said Mr M was attracted to the account for the travel and breakdown cover it provided. But looking at his statements it appears Mr M may have been paying for these insurances separately around the time he upgraded his account. And in any event, I think it's more likely Mr M upgraded to obtain an overdraft that he thought he otherwise couldn't have had on his fee free account.