

## **complaint**

Mr and Mrs H have complained about a joint packaged bank account sold to them by Lloyds Bank PLC ("Lloyds").

## **background**

Mr H says he opened a fee-free account with Lloyds in 1990. Lloyds agrees and says that Mrs H was added to the account at some point and the account was upgraded to a "Select" packaged account in or before 2001. The Select account offered a number of benefits for a monthly fee.

Mr and Mrs H are unhappy with their Select account because they say they weren't given a choice in upgrading. Mr H feels they wouldn't have been able to have a large overdraft or a mortgage if they didn't pay for their account.

Our adjudicator did not recommend that the complaint be upheld. Mr and Mrs H disagreed and the complaint has come to an ombudsman for review and 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. And I've used this approach in deciding what to do about Mr and Mrs H's complaint.

I appreciate this will come as a disappointment to Mr and Mrs H but I am not upholding their complaint and will explain why.

By 2001 Mr H's sole free account had become a joint Select account. Neither Lloyds nor Mr and Mrs H know exactly when the upgrade happened. The Select was first sold in 1997 and a monthly "*account charge*" of £4 appears on Mr and Mrs H's earliest bank statements of August 2001. So the account must have been upgraded at some point between these dates.

As the account is showing as a joint account on the statements, it must have changed to a joint account before mid-2001. I don't know which came first – the change to joint status or the upgrade from free to Select. But I don't think the order is material to my decision about mis-selling.

Mrs H also held a sole free account prior to holding the joint Select account. She opened an account with an overdraft in the early 1990s. I understand that her sole free account became a joint free account (with Mr H) in 2003 and remains as such to date.

Mr and Mrs H say that they were led to believe that the Select account was the cheapest bank account they had to have in order to bank with Lloyds and have a mortgage or an overdraft with the bank. They say they didn't realise it was optional.

Because of Mr and Mrs H's account history, our adjudicator thought it likely that Mr and Mrs H were aware that they didn't have to pay for an account in order to bank with or borrow from Lloyds. And I agree with this conclusion.

In response to this, Mr H explained that he doesn't believe that Lloyds would have given them a mortgage or large overdraft of several thousand pounds on a free account. He says that is why (in a meeting to discuss his account) he felt that a fee paid account was the only way forward with the bank.

Mr and Mrs H haven't been able to tell me the detail of what was said to them which helps me to understand why they felt they had no choice but to upgrade to the Select account. It may be that the bank representative said something which gave them the impression that having a fee-paying account was the only way they would be able to borrow large sums from the bank. It is also possible that Mr H is mis-remembering events in his attempt to understand how he came to have the packaged account.

In cases like these, where there is no meeting record or sale documentation, I need to come to a decision on what I think is more likely to have happened, taking into account what both parties have been able to tell me and the circumstances surrounding the sale.

I have also borne in mind that Mr and Mrs H say that the use they have made of the account benefits does not cover the cost of the packaged bank account. I understand from this that Mr and Mrs H feel, with hindsight, that the account has not been value for money for them. But this doesn't automatically mean that Lloyds mis-sold the account to them.

From the information I have it appears that Mr and Mrs H took out a mortgage with another part of Lloyds Banking Group (LBG) in mid-2001. I don't know when the upgrade happened so I don't know if Mr and Mrs H took out their mortgage at the same time. Lloyds says that holding the Select account wasn't a determining factor in lending decisions. I understand that for a time Select customers were offered special deals on some LBG mortgages and it may be that Mr and Mrs H were able to take advantage of this.

I think that the large overdraft Mr H is referring to was not in place until sometime in 2003, based on their monthly interest charges. So I can't see that having a large overdraft of several thousand pounds was related to upgrading the account.

Altogether, I think it's more likely that Mr and Mrs H had a choice in upgrading to the Select account and did so because they were interested in some of the account benefits. I'm not sure when the account was opened so it's difficult to say exactly what might have been an attraction for them. But I can see that they've used the breakdown cover several times over the years.

I haven't seen anything which makes me think Mr and Mrs H wouldn't have been able to make use of the other account benefits that might have been on the account if they wanted or needed to. So I can't say that Lloyds did anything wrong in recommending the account to them and I haven't seen evidence of information that Mr and Mrs H should have got that could have put them off upgrading.

I want to reassure Mr and Mrs H that I have carefully considered everything they've told me about their experience with Lloyds. But, altogether I don't think the Select account was mis-sold to them and I don't uphold this complaint.

**my final decision**

I don't uphold this complaint and I make no award against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 8 April 2016.

Michelle Boundy  
**ombudsman**