

complaint

Mr and Mrs H have complained that Barclays Bank Plc (Barclays) mis-sold an Additions packaged bank account to them in 1999 and an Additions Active packaged bank account in 2010. They paid a monthly fee for the account and received several benefits in return.

background

I attach an extract of my provisional decision of 12 April 2017, which forms part of this final decision. In my provisional decision I set out why I didn't think I should uphold Mr and Mrs H's complaint.

I asked both Mr and Mrs H and Barclays to provide any further comments and any new evidence before I made my final decision. Barclays has confirmed it has nothing further to add. Mr and Mrs H have made a number of points in response to my provisional decision.

my findings

I have reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, whilst I appreciate this isn't the outcome Mr and Mrs H were hoping for, I still don't think their complaint should be upheld. But I would like to comment on some of the points they've raised in response to my provisional decision.

Mr and Mrs H have raised concerns over how Barclays investigated their complaint. But I'd like to assure them that I have considered their complaint independently of both our adjudicator and Barclays. I'd also like to also assure Mr and Mrs H that I am aware of how the account fee and benefits on the accounts changed during the life of them.

It may be helpful to explain that where evidence is incomplete and matters are in dispute, as they are here, I make my decision based on what I think is most likely to have happened given the evidence that is available and the wider circumstances at the time.

In my provisional decision I explained why I thought it was most likely that Mr and Mrs H were aware they didn't have to have the accounts. To summarise I explained that they previously had a fee free account with an overdraft and were able to extend it before they moved to a packaged bank account. And although they've said they remember being told they had to upgrade again to the Additions Active account to extend their overdraft, Mr and Mrs H didn't extend their overdraft at this time. So, as Mr and Mrs H have acknowledged, I don't think they can fully remember the details of the sales which took place.

In response to my provisional decision, Mr and Mrs H have said they paid overdraft fees previously (when they had a fee free account) so they thought they had to pay a fee to have an overdraft. But account fees and overdraft fees are different and they appear differently on their statements. And Mr and Mrs H have previously said they were aware they were changing accounts when they upgraded to the Additions account. So I think it's unlikely they simply thought this was a continuation of paying a fee for their overdraft. They've also previously said they saw the account fees on their statements. So I think they would've been aware that they'd previously been able to have and extend their overdraft on their fee free account without needing to pay an account fee.

I've noted that in response to my provisional decision Mr and Mrs H have now said they recall going into branch to discuss a reserve fee that they were charged. And they've said at this time they were sold the Additions Active account. But even if this was the case, for the reasons I've explained above and in my provisional decision, I think they were aware they didn't have to have a packaged bank account. And I think they chose to upgrade because there were features of the accounts they were interested in.

Mr and Mrs H have asked why the Additions account was offered to them when they were applying for an overdraft extension. I don't know why they were offered the account at this time, and I can confirm the Additions account was available when they extended their overdraft in 1997. But as I've explained both above and in my provisional decision, I think they were aware they didn't have to have a packaged bank account.

I've also thought about Mr and Mrs H's account notes from the time of the Additions upgrade. Barclays has provided two notes on consecutive days. The first says that Mr and Mrs H chose to upgrade to the Additions account. The second (from the following day) details that Mr and Mrs H wanted to extend their overdraft. I accept, as Mr and Mrs H have said that it's odd that the notes suggest the two events didn't take place at the same time. I don't know why this was the case and in my provisional decision I explained that I thought it was likely that their overdraft was discussed when they upgraded (and that extended their overdraft at this time.) But whether or not they did extend their overdraft when they upgraded to the Additions account or the following day, I've explained why I think it's most likely that they knew they didn't have to have the Additions account to secure an extended overdraft.

I don't doubt that Barclays introduced the packaged bank accounts to Mr and Mrs H. But this isn't the same as assessing their individual needs and providing a personalised recommendation. And I've not seen enough to make me think that with regards to the packaged bank accounts, Barclays recommended the accounts to Mr and Mrs H.

I can see Mr and Mrs H feel Barclays should calculate the actual benefit they received through the overdraft features on the Additions account. However, as I explained in my provisional decision, whether or not they did go on to benefit isn't what I need to consider. I think they had the potential to benefit from the overdraft features of the Additions account when they upgraded. And it would've been for Mr and Mrs H to review the benefits of the account during the life of it and decide (as their circumstances changed and the account features changed) if the account was right for them.

Mr and Mrs H have asked why they didn't use or register for any of the insurances on the Additions account. I don't know why this was the case, it may've been that when they upgraded to the Additions account it was the overdraft features of the account they were interested in. But I've explained above and in my provisional decision why I think it's most likely they were aware the account also included insurance benefits. And it would've been for Mr and Mrs H to decide if the account features were right for them.

I appreciate that Mr and Mrs H have also said they didn't receive information about the changes to the Additions account features and the monthly fee during the time they held the account. As I've explained above, where there's limited information and points are in dispute I need to weigh up what I do have and decide what is most likely to have happened. I can't know for sure if Mr and Mrs H received all the correspondence that Barclays has said it sent during the life of the Additions account. But Barclays has said it sent mailings to all account holders. And it seems unlikely that Mr and Mrs H didn't receive any updates about the

account. So I don't have enough to safely conclude that Barclays failed to keep them updated about changes to the account during the life of it.

Mr and Mrs H have raised a number of points in relation to why Barclays didn't recommend they extended their overdraft to a higher limit or suggest alternative credit arrangements. I've looked at their overdraft limits at the times they applied for the packaged bank accounts and I can see that they already had agreed overdraft limits above any fee free portion offered which the packaged bank accounts offered. And as I explained in my provisional decision, if they're unhappy more generally about their overdraft charges or why Barclays didn't recommend alternative credit arrangements, they will need to raise this separately and with Barclays in the first instance.

I've looked at all the information I have about Mr and Mrs H's complaint. And I've thought about everything they've have said throughout their complaint and in response to my provisional decision. But having done so I don't think Barclays mis-sold the packaged accounts to them so I'm not going to uphold their complaint.

my final decision

For the reasons explained both above and in my provisional decision, I don't uphold Mr and Mrs H's complaint against Barclays Bank Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs H to accept or reject my decision before 30 June 2017.

Claire White
ombudsman

my provisional decision

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 help decide what to do about Mr and Mrs H's complaint.

I know this is going to come as a disappointment to Mr and Mrs H, but after giving their case a lot of thought, I currently don't think the accounts were mis-sold to them. I know this isn't the outcome that they were hoping for. But I hope that my explanation will help them to understand how I have come to this provisional conclusion.

Mr and Mrs H have said that to either obtain or extend their overdraft (they couldn't remember which) they were told they had to have a fee paying account. And they've said that when they came to extend their overdraft again they were told they had to upgrade their account for the second time. They've said their aim wasn't to incur additional expenditure. In addition, they've said they didn't need the insurance features as they held their own cover at competitive prices. And Mr and Mrs H have said at no time did the Barclays representatives go through the benefits and ensure they were suitable for their needs.

I'll start by thinking about whether Mr and Mrs H were given a fair choice when they took their packaged bank accounts. Then I'll consider each account sale in turn.

Mr and Mrs H upgraded to the Additions account from a fee free account they'd held for a substantial period of time. So I think they were aware that fee free accounts were available generally. I can see that Mr and Mrs H have said that this doesn't mean they were aware they could continue with a fee free account. And as I've explained above, they recall being told that they had to take the packaged bank accounts to obtain and/or extend their overdraft.

I've thought carefully about what Mr and Mrs H have said about the sales. But together with this, I also need to consider all the other information I have available. Firstly I should highlight that the Additions account sale, in particular, took place a considerable amount of time ago. And as Mr and Mrs H have acknowledged they can't fully remember what was discussed. I can also see that Mr and Mrs H had an agreed overdraft on their account prior to the first upgrade. So I think they would've been aware that they could have a fee free account with an overdraft. And I note that Barclays continued to offer fee free accounts with overdrafts throughout the time Mr and Mrs H held their packaged bank accounts. I've also considered that Mr and Mrs H did extend their overdraft at the time they upgraded to the Additions account and the notes from the time suggest their aim when they went into branch was to extend their overdraft. But I can also see they had already been able to extend their overdraft (albeit to a lower amount) before this upgrade. And finally whilst I appreciate that Mr H has said he remembers being told that he had to upgrade again to the Additions Active to secure an increased overdraft, I can't see that he did increase their overdraft at this time. And so taking everything into consideration, whilst I appreciate how strongly Mr and Mrs H feel about this, I think it's most likely that Mr and Mrs H were aware (at both points when they upgraded) that they didn't have to upgrade their account to obtain or extend their overdraft. And I think it's most likely they chose to upgrade because there were features of the accounts they were interested in.

I can see that it's been previously suggested by one of our adjudicators that Mr and Mrs H could've gone to another provider if they weren't happy with the package they were being offered by Barclays. And I've noted Mr and Mrs H's comments that they don't think it's fair to have expected them to take these steps. I agree that regardless of there being other providers available, Barclays still had a responsibility to give them a fair choice. But for the reasons I've explained above, I think it's most likely that Mr and Mrs H were given a fair choice at both points when they changed their account.

Mr and Mrs H have also said that Barclays introduced the account to them. And they've said that Barclays chose to do this at a time when they were vulnerable because they were asking for an overdraft extension. I don't doubt that Barclays introduced the account to them. But as I've explained

above, Mr and Mrs H had previously been able to have an overdraft and extend it whilst they held a fee free account. And they didn't extend their overdraft when they upgraded to the Additions Active account. So taking everything into consideration, I think it's most likely they were aware they didn't have to have the Additions or the Additions Active accounts.

Additions account

Mr and Mrs H have said that at no time did the Barclays representative ensure that the accounts were suitable for their needs. And Barclays has said that it didn't recommend the Additions account to Mr and Mrs H. It's clear from everything I've seen that a discussion took place about Mr H's wider financial circumstances and it's noted that he wanted to extend his overdraft. But I haven't seen enough to make me think it's most likely that Barclays assessed his needs with regards to the Additions account or made a personalised recommendation. So Barclays didn't have a responsibility to make sure the account features were right for Mr and Mrs H's needs. It would've been for Mr and Mrs H to decide if the account was right for them.

Barclays did have to give Mr and Mrs H enough information about the account so they could decide if they wanted it. I think it's likely Mr and Mrs H would've been told about the key features of the account, after all it's the features that make the account attractive in return for the monthly fee. And Mr and Mrs H have said they were aware the account charged a fee.

At the time Barclays charged interest on its overdrafts and an overdraft usage fee of £5 per month if a customer was using their overdraft for more than two working days and over £15. With the Additions account Barclays charged a £6 per month account fee, but waived the overdraft usage fee. It also provided a £100 interest free overdraft against Barclays' overdraft rate at the time which looks to have been around 18.8%. So it seems that Mr and Mrs H had the potential to save some money through the overdraft benefits of the account when they initially upgraded. And from everything Mr and Mrs H have said it seems their overdraft was important to them. So I think it's likely that this is something which would've interested them about the account.

Mr and Mrs H have said that by upgrading, Barclays guaranteed they would've paid £6 per month rather than the overdraft usage fee if they used their overdraft. Whilst this was the case, I don't think makes a difference to Mr and Mrs H's complaint. Mr and Mrs H were using the overdraft regularly before they upgraded. And as I've explained above, from everything they've said it seems their overdraft was important to them and they extended their overdraft when they upgraded to this account. So taking this into consideration, I think it's likely that they would've been interested in the overdraft features of the account.

Mr and Mrs H have also asked for a calculation to see if they did save money during the time they held the account. I haven't seen this calculation and I'm also not going to ask Barclays to complete it. This is because I'm considering what happened at the time of sale. And so even if Mr and Mrs H didn't save money during the whole period they held the account (over 10 years), it doesn't mean the account was mis-sold. What I need to think about is whether or not Mr and Mrs H were given enough information about the account to decide if it was right for them. And as I've explained above, I think it's likely they were given information about the key features of the account including the overdraft benefits. And I think, given everything they've said about their overdraft it's clear this was important to them and they were likely to use it. And they had the potential to save some money through the overdraft benefits, so I think it's likely they found this attractive. As the features and the cost of the account changed during the life of it, and as the way Mr and Mrs H used their overdraft may have changed, it was for them to review the ongoing usefulness of the account.

Together with the overdraft benefits, the account provided a number of additional features. Mr and Mrs H have said that they didn't need any of the other features that came with the account. And they feel that as this was a packaged bank account they should've needed or wanted other features of the account in addition to the overdraft benefits. Packaged bank accounts offer a range of features for a set fee. So I wouldn't have necessarily expected them to have wanted or needed all the

features of the account. But I think that at the very least they were interested in the overdraft features of the account. And I think they were willing to pay the fee for access to the features they did want.

I can see there's been some discussion about the interest free portion of the overdraft being extended to £250 in 2001. But this was sometime after the sale and so I agree that couldn't have impacted on their decision to take out the account in 1999. But I've explained above what the overdraft features were at the time they upgraded and why I think it's likely Mr and Mrs H were interested in this feature of the account.

While I think Barclays probably told Mr and Mrs H about the key features, it's possible it didn't tell them about all the account features in detail. But I haven't seen anything to make me think that Mr and Mrs H would not still have taken the account even if Barclays had told them everything.

Additions Active account

I've not seen enough to suggest that Barclays assessed Mr and Mrs H's needs or made a personalised recommendation to them. So like the Additions account, when selling the Additions Active account, Barclays needed to give Mr and Mrs H enough information so they could decide for themselves if the account features were right for them.

I can see Barclays has said Mr and Mrs H used the car breakdown cover provided by the account seven times. Barclays has also said they registered several cards under the card protection, registered two mobile phones and a gadget, attempted to claim on the gadget insurance and Mr H completed a medical risk assessment under the travel insurance provided by the account. So based on this I'm satisfied it's most likely that Barclays gave Mr and Mrs H information about the key features of the account and how to use them. Mr and Mrs H have also benefited from the overdraft benefits of this account which included an initial interest free portion of £300 and a preferential rate on balances above this.

Mr and Mrs H have said they held their own insurances at competitive rates. They've also said their mobile phones were cheap and they registered their son's phone. And they've said they preferred to source their own travel insurance because they had existing medical conditions. As I've explained, I think it's clear that Mr and Mrs H were aware of the key features of the account and given they completed a medical screening it seems they were aware of the need to do this. And it would've been for Mr and Mrs H to decide whether or not they wanted to maintain any duplicate cover they may have had or if they wanted to rely on the features of their Additions Active account. And as I've detailed above, they have relied on a number of features of the Additions account during the time they've held it.

I can also see that they've argued that if for example their bank cards been stolen they would've been able to contact their card providers themselves. This is a feature that the card protection insurance offered. But even if this was the case, it looks as though they've registered several cards and so they would've been able to use this feature of the account if they'd wanted to.

Mr H has said that during the time he held the Additions Active account he became over the upper age limit for the travel insurance. And I can see that several years after upgrading to this account Mr H did reach the upper age limit. But it seems Mr H was aware of this and Barclays has provided a copy of the letter it said was sent to Mr H explaining this. So it would've been for Mr H to decide if, in light of this, he still wanted to maintain the account. And I note that Mrs H was still within the age limit to rely on this cover.

Although I think they were given some information, it's possible that Barclays didn't tell Mr and Mrs H everything it should have about the packaged account. But I haven't seen anything to make me think that Mr and Mrs H would not still have taken the account even if Barclays had told them everything.

informing Mr and Mrs H about changes to the account features and costs

Mr and Mrs H have said that Barclays failed to keep them updated about changes to the account features and the monthly cost. In particular, they've said they weren't aware that breakdown cover was added to the Additions account in 2002. And they've said they didn't register for this cover and so couldn't have used it. But the car breakdown cover didn't require registration in order to be covered. So Mr and Mrs H could've relied on this cover without registering.

Barclays has provided copies of sample letters detailing changes to the account fees for the Additions account. (I can't see the Additions Active account fee changed in the time they held it.) And it's also provided a copy of the letter it says was sent to Mr and Mrs H explaining that car breakdown cover was a feature of the Additions account. Barclays has said this letter was sent to the address they hold for Mr and Mrs H (detailed on their account ledgers) and that it doesn't have any records of any returned post.

Taking all this into consideration, I think it's most likely that Barclays kept Mr and Mrs H updated about the changes it made to the account fee and when it added car breakdown cover to the Additions account. It would've then been for Mr and Mrs H to decide whether or not they wanted to maintain the account.

I appreciate that Mr and Mrs H have said that they had periods where they had difficulty receiving their statements. And I can see from their account ledgers that there was a period where they went in branch to collect their statements. But this was before the initial upgrade and as I've explained, Barclays has said it doesn't have any records of any post being returned.

I want to reassure Mr and Mrs H that I've looked at all the information provided about their complaint. But having done so, I currently don't think Barclays mis-sold the packaged accounts to them.