

complaint

Mr and Mrs M have complained that Lloyds Bank PLC (Lloyds) mis-sold two packaged bank accounts to them - the Select account followed by the Silver account. They paid a monthly fee for the accounts which offered several benefits in return.

background

One of our adjudicators has looked into Mr and Mrs M's complaint already. The adjudicator didn't think that Lloyds mis-sold the packaged accounts to Mr and Mrs M and didn't recommend that Lloyds should pay them any compensation. Mr and Mrs M didn't accept this 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 Mr and Mrs M's complaint. Having done so, I don't think that Lloyds mis-sold the packaged accounts to them. I can see that Mr and Mrs M feel strongly that Lloyds is at fault here but I hope that my explanation will help to clarify how and why I have come to this conclusion.

Mr and Mrs M have said that they weren't offered a free account and this is one of the main arguments they have made. But Mr and Mrs M's (now) joint account was opened in 1993. Because Lloyds didn't introduce packaged accounts until 1997 it says it's highly likely that their account was a free account to begin with. And I agree, this seems most likely to have been the case. On that basis Mr and Mrs M would have known they didn't need to pay to have a bank account with Lloyds. So when their account was upgraded to the Select account I think it's likely they would have known they had a choice to keep their free account or to upgrade and pay to have the Select account. So I don't think that Lloyds did anything wrong here.

Mr and Mrs M upgraded again in 2010 to the Silver account. This account at the time was cheaper than the Select account they were paying for. I can see it was also at a time when Mr and Mrs M were consolidating their finances across credit cards and loans. So I think it's likely that when they discussed their finances the Select account was also discussed and Mr and Mrs M decided to change to the cheaper packaged account, which also came with added travel insurance.

It seems that Lloyds recommended the packaged accounts to Mr and Mrs M. But it sold these accounts as packages for a set price and even if Mr and Mrs M didn't need all of the benefits I think the accounts were appropriate for Mr and Mrs M. I say this because they have shown a need for travel insurance and have used most of the other benefits on the account, including; a successful claim on mobile insurance, contacting the car breakdown provider on two occasions, registering for card protection, using the overdraft benefits and taking out several loans at discounted rates.

Lloyds did have a responsibility to provide Mr and Mrs M with enough clear information about the packaged accounts for them to decide if they wanted the accounts. And I think Mr and Mrs M were attracted to some of the benefits that the accounts offered. So although I don't know what was discussed I think it's likely that the main benefits of the account were discussed.

Lloyds needed to tell Mr and Mrs M about the most important features of the account. I don't know exactly what Mr and Mrs M were told and they've said that the exclusions of the benefits were not explained to them. But I can't see any reason to suggest that they would be excluded from using the benefits. So I don't think better information would have resulted in Mr and Mrs M doing anything different. I think it's important to note that they may not have used all the benefits but this doesn't mean Lloyds mis-sold the accounts.

It's possible that Lloyds didn't tell Mr and Mrs M everything it should have about the packaged accounts. But I haven't seen anything to make me think that Mr and Mrs M would not still have taken the accounts even if Lloyds had told them everything.

Mr and Mrs M say that they had always believed travel insurance was included (with their account) and have been under the impression that they were covered. But on the other hand they also say that they weren't told about the benefits in any detail and didn't know what the exclusions were. So it isn't clear why they thought had travel insurance based on what they've said. Overall I haven't seen enough to persuade me that Mr and Mrs M were told they had travel insurance before they took out the Silver account. The Silver account however was Lloyds' cheapest packaged account that came with travel insurance. So I think that's probably one of the benefits they were attracted to when they upgraded in 2010.

I want to reassure Mr and Mrs M that I've looked at all the information I have about their complaint. And I've thought about everything they have said. But having done so I don't think Lloyds mis-sold the packaged accounts to them.

my final decision

For the reasons I've explained, I don't uphold Mr and Mrs M's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 29 December 2016.

Sophia Smith
ombudsman