

complaint

In summary, Mr D and Mrs E complain that Lloyds mis-sold them a packaged bank account in July 2005 and then mis-sold them a further packaged bank account in September 2009 when it downgraded them to a different packaged bank account – as opposed to a free account.

background

In July 2005, Mr D and Mrs E were sold a “*Platinum*” packaged bank account during a meeting at a branch of Lloyds. Mr D and Mrs E say they went into the branch to set up a joint account because they had recently married and wanted an account for joint cheques and outgoings.

Mr D and Mrs E’s complaint is that they were not given the option of having a free account – they were told these were not available. They also complain that they had no need for the packaged bank account because they either already had the cover included or did not need it. They say the advisor did not explain the account to them and did not check that it was suitable for them.

Lloyds has been able to provide little information about the circumstances of the sale, other than a record in its customer notes that the account was offered at a special promotional rate until November 2005. It says, however, that Mr D and Mrs E would have agreed to taking out the account and would have received a welcome pack setting out the benefits of the account and the fact that free accounts were available. It also says they would have been written to each time the terms and conditions of the account changed.

In September 2009, Mr D and Mrs E downgraded the account to a cheaper packaged bank account – the “*Gold*” account. They say they were attempting to reduce the monthly fee they were paying and complain that they again were not offered the choice of a free account. They also complain that they had no need for this packaged bank account and the advisor did not explain the account to them or check that it was suitable for them.

Lloyds recorded in its customer notes that the account was downgraded at the request of Mr D because he felt he no longer benefited from the “*Platinum*” account. It again says that Mr D and Mrs E would have agreed to the account and would have received a welcome pack setting out the benefits of the account and the fact that free accounts were available. It also says they would have been written to each time the terms and conditions of the account changed.

The adjudicator did not recommend the complaint be upheld. Mr D and Mrs E appealed. They maintained that they had not been told they could have had a free account, the packaged bank accounts they were sold had not been explained to them properly and in any event, they were not good products for them.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I note that Mr D and Mrs E have said that Lloyds should have monitored the suitability of their packaged bank accounts on an ongoing basis and should have sent out annual eligibility

statements. However, at the time Mr D and Mrs E held the packaged bank accounts, Lloyds was under no obligation to send out annual eligibility statements. It is for the Financial Conduct Authority (FCA) – rather than this service – to regulate financial organisations and I have therefore only considered Mr D and Mrs E's individual complaint.

Mr D and Mrs E say they were not given the option of a free account when they were sold their packaged bank accounts. They say that when the "*Platinum*" account was opened, they asked about the availability of free accounts but were told they were not available.

Lloyds says it cannot investigate the sale of the "*Platinum*" account because of the length of time that has passed but it did point to its customer notes from the sale of the "*Gold*" account which record that Mr D specifically requested that account. It also says that the welcome packs provided when both accounts were sold set out the other types of account available – including two free accounts.

The welcome packs provided to this service are not the versions that would have been sent to Mr D and Mrs E and so they are not of much assistance to me in deciding what Mr D and Mrs E would have known about the accounts. I accept it is possible that Mr D and Mrs E were told they had to have a packaged bank account. However, because there is very little evidence of either sale available, I have had to make a finding on this point on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. I note that although Mr D and Mrs E had never had a joint account before, they had held bank accounts with other banks previously – including free accounts. I therefore cannot safely conclude that Mr D and Mrs E were not aware they had the option of a free account.

Mr D and Mrs E say they had duplicate cover because some of the benefits included in the packaged bank accounts were also included in other packaged bank accounts they held with other businesses or were duplicated by standalone policies they held. They say they did not understand what benefits were included in the packaged bank accounts and Lloyds did not ask them whether they already held any of the insurance.

Lloyds has been unable to provide detailed evidence of either sale and although it says Mr D and Mrs E would have been sent a welcome pack and letter at the time of each sale, it has been unable to provide a copy of that documentation. I therefore accept it is possible that there were shortcomings at the time of each sale, as Mr D and Mrs E suggest.

However, having looked at the benefits included in the packaged bank accounts – and the actions taken by Mr D and Mrs E – I am satisfied that they made use of the benefits.

Mr D and Mrs E say they did not require travel insurance because Mrs E was covered under a packaged bank account she held with another business (two other packaged bank accounts were referred to but these were not held at the time of either sale). They also referred to travel insurance policies held before the packaged bank accounts were taken out and said the policies included in the Lloyds packaged bank accounts were not suitable for them and they could have purchased cheaper alternatives.

I can see that the travel insurance included in Mrs E's packaged bank account with another business offered cover to Mrs E *and* her family and included winter sports. I note, however, that Mr D and Mrs E used the worldwide travel insurance included in the Lloyds packaged bank accounts for two skiing trips – in February 2008 and February 2009 Mr D paid an additional £50 premium to obtain winter sports cover. It is not for me to say whether Mr D

and Mrs E could have obtained better or cheaper cover elsewhere – I am satisfied that the fact Mr D and Mrs E chose to pay the additional premium and use the cover means it was useful to them.

Mr D and Mrs E say they did not know that mobile phone insurance was included as a benefit of the packaged bank accounts but would not have used it anyway as their mobile phones were covered under the various home contents insurance policies they held over the years and Mrs E was also paying for insurance with her provider.

Lloyds has, however, provided evidence that in August 2005, both Mr D and Mrs E registered a mobile phone for the insurance included in the “*Platinum*” account. Mr D and Mrs E say they provided their mobile phone contracts as proof of their address and so a member of staff must have used the information on these to register the phones for them.

I note that the registration of the mobile phones did not occur on the same date the “*Platinum*” packaged bank account was sold, but in fact a few weeks later. I also note that detailed information about the phones themselves – such as the serial numbers – was used to register them. This suggests to me that it is likely Mr D and Mrs E did register their mobile phones shortly after the time of the sale.

Mr D and Mrs E have pointed to the fact that they never registered later – and more expensive – mobile phones that they owned and did not try to claim when Mrs E’s phone was damaged and the claim was outside the insurance she has with her provider. Although I am still persuaded that the mobile phone insurance was useful to them at the time of the sale of the “*Platinum*” account, I am therefore persuaded that this insurance was not used by them – and so was not useful to them – at the time of the sale of the “*Gold*” account.

Lloyds says that Mr D and Mrs E used the interest-free overdrafts included with the packaged bank accounts and also benefitted from the preferential interest rates and the lack of an overdraft usage fee. Mr D and Mrs E say they did use the interest-free overdrafts – £250 with the “*Platinum*” account and £100 with the “*Gold*” account – and the preferential interest rates but that these were not enough to justify the account fee – particularly as they received better interest rates on other accounts that they had.

It is not for me to consider interest rates that Mr D and Mrs E obtained elsewhere. I am satisfied that the fact Mr D and Mrs E chose to use the overdrafts – and in fact requested that their overdraft be increased to £2,500 in 2007 – means they were useful to them.

Lloyds says that Mr D and Mrs E registered for the “save my numbers” service in March 2008 but Mr D and Mrs E say they were unaware of what this service was and would not have registered for it. Lloyds has been able to provide information about when Mr D and Mrs E registered for this service – although unfortunately has not been able to provide the proof of data synchronisation that Mr D requested. So it seems that the service may initially have been deemed to be of some value, although I am not able to ascertain who made the registration.

It follows that I recognise there were elements of the packaged bank accounts that were not of use to Mr D and Mrs E, but it is important to note that a consumer does not have to want to make use of every benefit. I am satisfied that Mr D and Mrs E were able to – and did – use several of the benefits of the packaged bank accounts that they took out.

my final decision

For the reasons set out above I am not persuaded that Mr D and Mrs E suffered detriment as a result of any possible shortcomings on Lloyds' part when selling the packaged bank accounts in question. It follows that I do not uphold this complaint or make any award against Lloyds.

Laura Layfield
ombudsman