

complaint

Mr H has complained that Barclays Bank plc ("Barclays") mis-sold him an Additions Active packaged bank account in 2010.

background

Mr H also complained about the sale of Additions and First Additions accounts that took place in 2003 and 2005. One of our adjudicators looked into the sale of all of Mr H's packaged accounts. And having done so, she didn't think that the Additions and First Additions accounts were mis-sold. And both Barclays and Mr H appear to have accepted this. But the adjudicator also thought that the Additions Active account was mis-sold to Mr H.

Barclays didn't agree that it mis-sold the Additions Active account and it asked for an ombudsman to look at this sale and make a final decision. As both parties have accepted the adjudicator's view on the sales of the Additions and First Additions accounts, it seems to me the only matter that remains in dispute is the sale of the Additions Active account. So my decision is only looking at the sale of the Additions Active account that took place in 2010.

my findings

I've considered all the available evidence and arguments and I've decided what I think is 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 to help me decide Mr H's complaint.

Having carefully thought about everything I've been provided with, I think that Mr H's complaint should be upheld. And I'd like to explain why.

Barclays has said that it recommended the Additions Active account to Mr H. This means that it had to assess his circumstances and ensure the selected account was a reasonable fit for them *before* recommending it to him. Although Barclays has said this upgrade was sold over the phone, it hasn't provided me with a recording of the call (this isn't unexpected given how long ago the sale took place), or any scripts that its advisors might have used, or even some form of sales process document.

So I don't know how far it enquired into Mr H's circumstances before it made its recommendation. And having thought about the particular circumstances of this case, I think that there may have been some shortcomings in Barclays' assessment of Mr H's circumstances which resulted in an unfair and inappropriate recommendation being made to him.

I say this because Barclays' defence of this complaint appears to be based on the fact that Mr H was attracted to some of the benefits and he was able to use them. But to me it doesn't look like that the account chosen was the fairest or most appropriate match available when the benefits Mr H might have wanted are taken into account. One of the core benefits on the Additions Active account which set it apart from the cheaper ones in Barclays' range was annual worldwide travel insurance. And it seems to me that, in this case, the recommendation of the Additions Active account was far less likely to have been fair and appropriate unless the advisor had established a clear and identifiable need for annual worldwide travel insurance.

As part of its assessment of Mr H's circumstances at the time, Barclays needed to find out what cover Mr H may have had already. And if it was recommending a package that duplicated cover Mr H already had elsewhere then Barclays needed to highlight the fact that he was paying for this cover more than once. As I don't know what was discussed when the account was recommended, I don't know if Barclays did what it should've in terms of finding out about any cover that Mr H already held. And Mr H has told us that he already had travel insurance as he was able to purchase it at a substantially reduced rate because of his employer. Given who Mr H's employer was at the time, I find what he says to be reasonable. Barclays also appears to have accepted this. And it hasn't really said that it asked about this at the time or that Mr H already having this cover was factored in to the salesperson's recommendation.

Barclays defence of this complaint appears to be based on the fact that as Mr H used the breakdown cover, its recommendation was suitable notwithstanding Mr H's lack of a want or need for the core annual travel insurance benefit on the Additions Active package. Barclays has also referred to Mr H benefitting from the preferential overdraft terms as evidence of the recommendation being fair.

I've carefully thought about what Barclays has said. The first thing to say is that I'm not sure how accurate Barclays' records on Mr H using the breakdown cover are. It has provided a record showing that Mr H used the breakdown cover on one occasion. But that same record shows that Mr H supposedly registered for airport lounge access even though this wasn't a benefit on the Additions Active account.

In any event, even if I were to take Barclays' argument at its best, Mr H using the breakdown cover on a single occasion doesn't persuade me that it was fair to recommend a package where Mr H was unlikely to want or need the core insurance benefit. And I also don't think that Mr H would've been prepared to pay the substantially increased monthly fee (in relation to the monthly fee that he was already paying for the First Additions account) for the Additions Active account, if he'd received clear enough information that annual worldwide travel insurance was a core component of the package either.

I'm also mindful that the preferential overdraft terms on the Additions Active account weren't that much better than those on the First Additions account that Mr H had already. And I don't think that any marginal additional saving that Mr H made here means that the salesperson's recommendation was fair.

So having carefully thought about everything together, I don't think that the recommendation of the Additions Active account was a reasonable fit for Mr H's particular circumstances at the time. And this means that I think Barclays made an unfair and inappropriate recommendation to Mr H. So Barclays should put things right.

what Barclays should do to put things right

To put matters right, Barclays should put Mr H back into the position he would've been in, if it hadn't made an unfair recommendation to him in 2010. I think that Mr H would've stayed on the First Additions account if Barclays hadn't made an unfair recommendation to him.

So Barclays should:

- refund and pay to Mr H the difference between fees he paid for the Additions Active account and the fees he would've paid if he'd remained on the First Additions account; and
- add interest at 8% per year simple on each of the above fees from the date he paid it to the date of settlement[†];

If Barclays is able to work out any *additional* savings Mr H has made from holding the account **and** it can show these calculations to him, it may, if it wants, deduct this additional saving from any compensation that is paid.

[†]HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr H a certificate showing how much tax it's taken off if he asks for one.

my decision

For the reasons given above, I uphold Mr H's complaint. Barclays Bank plc should pay Mr H redress as set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 15 February 2016.

Jeshen Narayanan
ombudsman