

complaint

Mr and Mrs U have complained that Lloyds Bank PLC ("Lloyds") mis-sold a Platinum packaged bank account to them in 2007. They pay a monthly fee for the account which provides some benefits.

background

When Lloyds looked at Mr and Mrs U's complaint it agreed that they shouldn't have been sold the Platinum account. In Lloyds' opinion Mr and Mrs U would've instead taken out the Gold account if the advisor had made a fair recommendation. So Lloyds refunded the difference between the two accounts and added interest to this amount. Mr and Mrs U disagreed with this because they believe they shouldn't have been sold a packaged account at all. So we've looked at whether what Lloyds has done is fair.

One of our adjudicators has looked into Mr and Mrs U's complaint already and he didn't think that Lloyds had acted unfairly. Mr and Mrs U 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. And I've used this approach to help me decide what to do about Mr and Mrs U's complaint. I agree with our adjudicator that Lloyds selling Mr and Mrs U the Gold account wouldn't have been inappropriate. And so it doesn't need to pay them any more compensation. I'd like to explain why.

When Mr and Mrs U asked for an ombudsman to look into the complaint they said they only took a packaged account with Lloyds because they were told they had to in order to be able to get a loan.

I've carefully thought about this and everything else I've seen on this complaint. But I don't think that Mr and Mrs U's complaint should be upheld because:

- It looks like Mr and Mrs U's account was upgraded to the packaged account from a fee free one that they'd previously had for a number of years. And it looks like Mrs U had in the past refused an upgrade to the Silver account. Mr and Mrs U say that they took the Platinum account out because they were told they had to in order to get a loan. But I've seen that they'd previously successfully applied for loans in the past while they'd had their fee free account. I accept that the account upgrade was discussed at the same time as a loan was taken out. And given the number of years that have passed I can understand why Mr and Mrs U might now think that the two were linked. But having thought about everything I've seen, I think it's unlikely that the salesperson would've gone as far as saying that taking the packaged account was a condition of the loan.

I've also thought about what Mr and Mrs U have said about being told that they had to keep the packaged account if they wanted to keep their overdraft. But they haven't provided much detail on when this happened or what exactly it was they were told. And once again it looks like they'd had an overdraft while they had their fee free account. Lloyds has since introduced an overdraft usage fee that fee free account

holders have to pay when they use an overdraft. It's possible that Mr and Mrs U may have been told that they'd have to pay to use their overdraft if they went back to a fee free account. But, as this would've been the case since the change was made, I haven't seen enough here to be able to say that Lloyds misled Mr and Mrs U into keeping the packaged account.

Having thought about everything, I think it's likely that Lloyds gave Mr and Mrs U a fair choice. And I think it's likely they chose to upgrade to and then keep the Platinum account as they thought that the benefits included might prove useful to them.

- From what I've seen, I think that Lloyds recommended the packaged account to Mr and Mrs U. This means that Lloyds had to make a fair recommendation by taking adequate steps to ensure that the selected account was a reasonable fit for their circumstances. Lloyds has accepted that the Platinum account wasn't a reasonable fit for Mr and Mrs U's circumstances. But it says that the Gold account would've been and has refunded the difference between the accounts. Having thought about Mr and Mrs U's wider circumstances and their actions since upgrading, I think they were interested in mobile phone insurance and travel insurance. Mr and Mrs U's registration of eight handsets and them contacting the travel insurance provider about the cover appears to support this. At the time, the Gold account was the cheapest account in Lloyds' range that included mobile phone insurance and the type of travel insurance they needed. And upgrading to the Gold account was the only way that Mr and Mrs U were able to have these benefits with Lloyds. So I think the Gold account would've been a reasonable fit when taking into account Mr and Mrs U's demands and needs at the time and if the advisor had recommended this account, this wouldn't have been unfair or inappropriate.
- Mr and Mrs U might now, with the benefit of hindsight, think that they haven't benefitted from the account as much as they hoped and expected to when they upgraded. And given what they may have read or heard about packaged accounts, I can understand why this might now lead them to believe they shouldn't have been sold one. But I think it's likely that Mr and Mrs U freely chose to upgrade. And they used some of the benefits. So I don't think Lloyds has treated them unfairly.

I'd like to reassure Mr and Mrs U that I've looked at all the information they've provided about this complaint. And I've thought about everything they've said. But having done so, I don't think that Lloyds has treated them unfairly or inappropriately. So I'm not going to ask Lloyds to pay Mr and Mrs U any more money.

my final decision

For the reasons I've explained, I don't uphold Mr and Mrs U's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs U to accept or reject my decision before 19 November 2015.

Jeshen Narayanan
ombudsman