

complaint

Mr T complains about the sale of his packaged bank account by Lloyds Bank plc.

background

Our adjudicator rejected this complaint. She felt that Mr T probably agreed to upgrade his account willingly. He did this three times; and also used some of its benefits, eg, the preferential overdraft rate and mobile-phone insurance. Even if some of the bank's information was inadequate, the adjudicator thought this was unlikely to have made a difference to Mr T's decision to pay for an enhanced account rather than have a free one.

Mr T's claims management company ('CMC') has asked for an ombudsman's review. It insists that he only upgraded because his bank manager, in breach of trust, advised him to every time he reached the limit of his overdraft – and simply presented paperwork for his signature. The CMC also denies that Mr T owned a mobile phone or registered it for the insurance.

my findings

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

Essentially, I agree with the adjudicator's assessment of this complaint. In addition, the bank has, since that assessment, sent us proof that Mr T did in fact register a mobile phone for the insurance that came with the packaged account. It's produced a letter dated 6 March 2015 from the insurance administrator stating the following [*my redaction*]:

I am writing to confirm that [Mr T] has registered a ——— mobile phone with us on the 22nd June 2006.

But in any event, regardless of the underlying merits of these particular sales/upgrades, it seems to me that this complaint is bound to fail. As I've explained to the CMC via phone and email, Mr T closed his packaged bank account in August 2007 owing the bank about £3,800, of which only about £2,300 was recovered from him. In other words, Mr T still owes the bank about £1,500. That's three times the *total* amount he paid in fees for his packaged bank accounts between 2002 and 2007.

The bank says that it's no longer pursuing the outstanding debt. In the circumstances, even if this complaint had merit (which it doesn't), it's neither fair nor reasonable to award compensation to someone who effectively owes the other party far more in unrecovered debt. There is really no financial loss here. And there's no evidence that Mr T's indebtedness was caused by the matters complained of. I can't reasonably accept that account fees of between £8 and £15 a month were the dominant and effective cause of Mr T's significant debt. Indeed, his account statements indicate there were other causal factors.

In response to my preliminary opinion about this, the CMC has said that Mr T wasn't aware there was any outstanding debt – and he'd like to see evidence of this if possible. I can confirm that I've seen a screenshot from the bank's Debt Manager Archive which does show the last payment plus the remaining debt. I'm unable to disclose this screenshot to Mr T as the bank provided it to me in confidence. (Our rules permit me to accept evidence in confidence – see DISP Rule 3.5.9(2) of the *Financial Conduct Authority Handbook*, available

online.) But I attach to this decision (original paper copies only) a letter from the bank confirming the existence of an outstanding debt and the exact sums. I regard this direct testimony as persuasive evidence of an unrecovered debt.

Taking everything into account, including our general approach to such cases (as set out on our website), I'm not persuaded that the bank did anything which caused Mr T to suffer loss or damage.

my final decision

For the reasons set out above, I'm unable to uphold this complaint against Lloyds Bank plc. I am sorry to have to write in terms that are bound to disappoint Mr T.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 26 June 2015.

Mark Sceeny
ombudsman