

complaint

Mrs M complains that Bank of Scotland Plc, trading as Halifax ("Halifax") mis-sold her a packaged bank account ("PBA") in June 2010. She says she was told that she had to take the account if she wanted to avoid paying overdraft charges, but that she has in fact been paying charges nonetheless. She also says she's never used the other benefits of the account.

background

Mrs M opened a fee free account with Halifax in May 2010. In June 2010, she then upgraded it to an Ultimate Reward Current Account ("URCA"). At that time it cost £12.50 per month and came with a range of benefits. The key ones were worldwide family travel insurance; breakdown cover; mobile phone insurance; home emergency cover; and a fee- and interest-free overdraft of £300.

It's not clear how Mrs M upgraded the account. She says that she can't remember, but also indicated it may have been over the phone. Halifax can't be certain, although there is some suggestion that it may have been online.

When Mrs M complained to Halifax, it didn't accept that it had done anything wrong. So she brought her case to this service. Having considered the evidence, the adjudicator didn't think the URCA had been mis-sold, so didn't uphold the complaint. Mrs M doesn't accept that and has asked for an ombudsman to look at her case.

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 set out our approach to considering the sale of packaged bank accounts on our website, which everyone can read. I've kept that in mind when deciding Mrs M's complaint, which I'm not upholding, and I'll explain why.

Mrs M hasn't said that she was told she had to upgrade to get an overdraft – just to avoid paying charges for it. Given that, and the fact that she had a fee free account before the URCA, I think that she knew she had a choice about whether to upgrade or not. The question is whether Halifax misled her about the overdraft benefit and the impact it would have on the charges she was paying.

Was Mrs M misled about the overdraft benefit, or did Halifax charge her incorrectly for using her overdraft?

It seems there has been some slight confusion during the course of this investigation about what Mrs M's agreed overdraft limit was, and the relationship between that and the URCA benefit. It's important to first explain that there is a difference between that agreed limit and the £300 interest and fee-free element that came with the URCA. So there is no automatic entitlement to a £300 overdraft – but rather, the removal of fees and charges up to that amount but only on *an agreed, planned overdraft*.

Halifax has given us some information about how Mrs M's agreed overdraft limit has changed over the years, as follows:

7 June 2010	£100
26 June 2010	£150
12 January 2018	£200
26 January 2018	£150

It also looks like between 2010 and 2018 Mrs M applied about three times to increase her overdraft limit, but that was declined.

So I can see that, provided she stayed within her agreed limit, Mrs M should not have been charged any fees to use her overdraft, as it was always lower than the £300 benefit that came with the URCA.

Mrs M has vehemently told us that she did this – that she never exceeded her agreed limit. But I've looked at a selection of statements, and I can see that isn't the case. For example, in August 2010, her overdraft reached £161.82. That is clearly above the agreed limit of £150, and resulted in additional charges of £20. In December 2010, the overdraft reached £166.91. In April 2012, it reached £170.96. I can only see that overdraft charges have been applied to her account when she exceeded her agreed limit. When she stayed within it, the only charge is the account fee.

I also think it's likely that Mrs M knew what her agreed limit was, and that she took steps to try and ensure she stayed within it. I say that because I can see what may be a pattern of transactions where, when the balance reaches around £149 overdrawn, a small deposit is made by a third party. I accept I have only seen a sample of statements, and so it may be a coincidence, but it was certainly noticeable. This suggests to me that Mrs M was working hard to avoid going over her agreed limit, but sometimes couldn't avoid that. So I don't think she had been led to believe that having the URCA meant there would *never* be additional overdraft charges – otherwise why would she make any efforts to stay within that limit?

It may be that she'd hoped to be able to agree a higher overdraft limit with Halifax, and so get more benefit out of the £300 URCA benefit. But the two things are separate, and the evidence I've seen shows that Halifax was charging Mrs M amounts that were in line with the terms and conditions and the agreed overdraft limit.

Were the other benefits of the URCA potentially useful to Mrs M? And was she given enough information about them?

As set out in the 'background' section of this decision, the URCA came with a range of insurance benefits in addition to the overdraft arrangements. Mrs M says she has never made use of them, which Halifax accepts. However, not needing to use insurance products does not mean that they were mis-sold. The majority of insurance policies are never claimed on, but that is generally because the problem they were designed to protect against hasn't happened.

I've seen nothing to suggest that Mrs M couldn't have made use of at least some of these benefits. She says she already had cover elsewhere, but it was for her to decide whether she wanted to cancel any other cover she had, or not. Halifax says that she registered at least seven mobile handsets, and Mrs M acknowledged this in her testimony to us. So it's clear that she wanted to rely on at least one of the insurance benefits, and took the

necessary steps to ensure she could claim if she needed to. I can also see evidence on her statements of her buying petrol, suggesting the breakdown cover could also have been valuable.

I accept it's quite possible that Halifax didn't tell Mrs M everything about each of the benefits in a clear, straightforward way. But that doesn't mean I should automatically uphold her complaint. I would additionally need to think that a lack of information has caused her to miss out – that is, that she wouldn't have agreed to the PBA if she'd known more about it.

That isn't the case here. She's confirmed that she has registered for at least one of the benefits, and that she was aware of the cost. I haven't seen anything which leads me to conclude that if she'd had more or better information about the PBA she would have declined to take it. So she hasn't lost out in that way.

It may be that, with hindsight, Mrs M feels she hasn't got the value out of this account that she'd hoped, and feels it's been a bit of a waste of money. But that doesn't necessarily mean it was mis-sold or that Halifax actually did anything wrong. I've been given no evidence to suggest that she couldn't have used the benefits the account came with had she needed to. And the fact that she repeatedly registered mobile handsets shows that she understood at least the key information about how one of them worked. So I can't see that she has lost out, other than by paying for insurance products she hasn't needed to claim on.

my final decision

For the reasons I've explained, I don't uphold this complaint and Bank of Scotland Plc doesn't need to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 29 August 2019.

Siobhan McBride
ombudsman