

complaint

Mr R has complained that Lloyds Bank PLC ("Lloyds") mis-sold him a Platinum packaged bank account in 2009.

background

When it investigated Mr R's complaint, Lloyds accepted that it had unfairly recommended the Platinum account to Mr R. And it agreed to pay back the difference in fees between the Platinum account and the cheaper Silver one, plus interest, in order to put things right.

One of our adjudicators has looked into Mr R's complaint and she thought that what Lloyds had already done to put things right was fair. Mr R disagreed and asked for an ombudsman's decision.

As Lloyds has already accepted the Platinum account was unfairly recommended, I'm not looking into its recommendation of this account. All I'm looking at is whether Mr R was given a choice to take it and if so, whether what Lloyds has already offered to do to compensate him for the unfair recommendation it made was fair.

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 Mr R's complaint.

Having carefully thought about everything provided, I think what Lloyds has already agreed to do to put things right for Mr R is fair. So I don't think that it needs to pay him any more compensation. I'd like to explain the reasons for my decision.

why I think Lloyds gave Mr R a clear choice to take the Platinum account

I've started by thinking about whether Mr R was given a clear choice in taking the Platinum account. At this point, it may help for me to explain that I have to make my decision based on what I think is most likely to have happened. And in working out what I think is most likely to have happened, I have to think about everything I've been told together with everything I've been provided with and see how this fits with what I do know. In other words, what I have to do, in this case, is decide what I think is most likely to have happened having weighed up what both Mr R and Lloyds have been able to provide me with.

Mr R upgraded to the fee paying Platinum account from a free one that he's had for a significant period of time. So I think that Mr R would've known that Lloyds did free accounts. And I don't think that Mr R needed to be offered what he already had for him to know that a free account was an option for him. Mr R says he was told he had to have the Platinum account to get an improved overdraft. I've carefully thought about what Mr R's said.

I don't know what Mr R was told when he was sold the account. And it's not entirely clear what he means by 'improved' overdraft. But if he means increase his overdraft limit, I can't see that Mr R did get an overdraft limit increase when he was sold the Platinum account. Indeed his overdraft limit stayed the same for a significant period of time after the sale.

One of the benefits of the Platinum account was a £250 interest and fee free portion and a substantially reduced interest rate on amounts over this as long as the accountholder kept to their agreed limit. So it's possible Mr R might've been told that he'd receive better overdraft terms as a result of taking the Platinum account. But as this was genuinely the case, I don't think that Mr R would've been misled into taking the account if he was told this.

Overall taking everything I've seen together, and while I've carefully thought about what Mr R has said, the available information doesn't support Mr R's version of events. So I don't think that Mr R was misled into taking the Platinum account. Instead I think it's more likely that Mr R's account was upgraded because he agreed to it after having been provided with a choice. And this means that I don't think Lloyds needs to refund Mr R all of the Platinum fees on the basis he wasn't given a choice.

why I think what Lloyds has done to put things right for the Platinum account is fair

Lloyds says it recommended the account to Mr R. So Lloyds had to make a fair recommendation, by taking adequate steps to ensure it was a reasonable fit for Mr R's circumstances at the time. Lloyds has already accepted it unfairly recommended the Platinum account and it has offered the difference in fees between it and the cheaper Silver one in order to put things right. So I don't need to look at the sale of the account and only need to think about whether what Lloyds has done to put things right for Mr R is fair.

As I understand it, Lloyds has refunded the difference in fees between the Silver and Platinum accounts because it says that Mr R had a need for mobile phone insurance, he relied on the cover and the Silver account was the cheapest one in Lloyds' range that provided it.

Mr R registered a number of handsets for the mobile phone insurance and he tried to make a claim on the policy. It looks like the claim was accepted but Mr R chose to pursue it. I've seen what Mr R's says about only registering handsets because he was told he needed to in order to use the packaged account.

Again it's not entirely clear what Mr R means by this. But if he was told he had to register his handset in order to use the cover this would've been correct. So I can't say that this means Mr R would've been misled. But if Mr R is saying that he was told he had to register for the cover even if he didn't want it, I'm afraid that his registration of a number of handsets means I find him implausible on this. And I think Mr R's actions suggest he did want mobile phone insurance when he was sold his Platinum account.

Lloyds says the Platinum account included a level of cover that may well have exceeded Mr R's needs. I don't necessarily agree with this as I think that Mr R had a need for breakdown cover and it's possible the more comprehensive level of breakdown cover on the Platinum account could've proved useful to Mr R. But, in any event, Lloyds has put Mr R in the position he would've been in if he'd been sold the cheapest account including the mobile phone insurance I think he wanted and needed at the time. As Lloyds has done this, I think what it has already paid Mr R is fair. And I don't think it needs to do any more here.

I want to reassure Mr R that I've looked at all the information provided about his complaint. And I've thought about everything he's said. But having done so, I don't think that Lloyds has treated him unfairly. So I don't think it owes him any more money.

my final decision

For the reasons I've explained, I think that what Lloyds Bank PLC has already paid Mr R is fair.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 11 September 2017.

Jeshen Narayanan
ombudsman