

complaint

Ms S has complained that Lloyds Bank PLC ("Lloyds") mis-sold her a Gold packaged bank account in 2011.

Ms S has used a Claims Management Company ("CMC") to bring this complaint to us.

background

Ms S also initially complained about the sale of a Silver account that took place in 2007. One of our adjudicators looked into all of the packaged accounts sold to Ms S. And he thought that Lloyds had mis-sold both of Ms S' packaged accounts. Lloyds accepted this and offered a full refund of the Silver account fees (for the 2007 sale) paid, plus interest, and a refund of the difference in fees between the Gold account and the cheaper Silver one (for the 2011 Gold account sale).

Our adjudicator agreed that this represented a fair resolution to Ms S' complaint. The CMC accepted the findings on the sale of the Silver account. But it disagreed with what our adjudicator had proposed on the Gold account – it said that Lloyds should refund the full amount of the fees paid. And it asked for an ombudsman to look at the complaint and make a final decision.

As Lloyds has accepted that the Gold account was mis-sold, I'm not looking into its recommendation of this account. All I'm looking at is whether Ms S was given a choice to take it and if so, whether what Lloyds has already offered to do to put things right is 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 Ms S' complaint.

Having carefully thought about everything I've been provided with, I think that what Lloyds has already agreed to do to put things right is fair and I won't be asking it to pay Ms S any more money. I'd like to explain why.

why I think Lloyds gave Ms S a clear choice to take the Gold account

I've started by thinking about whether Ms S was given a clear choice in taking the Gold 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 Ms S and Lloyds have been able to provide me with.

From what I've seen, it looks like Ms S upgraded to the Gold account from a fee free one that she'd been on for a couple of years. Indeed Ms S had switched to this account from her initial Silver one. As Ms S had a fee free account with Lloyds, I don't think that she needed to be offered one again to have known they were available and that she could've had one if that's what she really wanted. The CMC has said that the account was upgraded without

Ms S' agreement. But I've seen an application form that's been signed by Ms S. So I think that Ms S did agree to be upgraded to the Gold account before this happened.

So taking everything I've seen together, and while I've carefully thought about what the CMC has said, I think it's most likely that Ms S account was upgraded because she agreed to it after having been provided with a choice. And this means that I don't think Lloyds should refund Ms S all of her fees because she was misled into thinking she had to have a packaged account.

why I think what Lloyds has done to put things right in terms of Ms S's Gold account is fair

Lloyds has said recommended the account to Ms S. So this means that Lloyds had to make a fair recommendation, by taking adequate steps to ensure the selected account was a reasonable fit for Ms S' circumstances at the time. I don't know how much Lloyds thought about Ms S' circumstances before it recommended the Gold account. But, in any event, it has already accepted that it made an unfair recommendation and it has offered the difference in fees between the cheaper Silver account and the Gold one in an attempt to put things right. So I don't need to look at the sale of the Gold account and only need to think about whether what Lloyds has done to put things right for Ms S is fair.

As I understand it, Lloyds has refunded the difference in fees between the Silver and Gold accounts because it says that Ms S had a need for mobile phone insurance, travel insurance, breakdown cover, she relied on it, and the Silver account was the cheapest one in Lloyds' range that provided the level of cover Ms S needed. The information from the time of the sale does suggest that the Gold account was recommended for these benefits. So I think that she may well have wanted this cover and she may have been relying on it, especially as she hasn't said that she had any of it elsewhere. And Ms S' previous registration of a handset for the mobile phone insurance does appear to support this.

It seems to me that the main issue here is that Lloyds sold Ms S an account that included worldwide travel insurance when she only travelled in Europe. And Lloyds is seeking to put her in the position she would've been in if she'd been sold the cheapest product that included the level of cover she needed. And as Lloyds has offered to put Ms S in the position that she would've been in if she'd been sold the account that provided the cover she appears to have wanted and needed at the time, at the best possible price, I think what it's already agreed to do is fair and I won't be asking Lloyds to pay Ms S any more.

I want to reassure Ms S that I've looked at all the information provided about her complaint. And I've thought about everything she and her CMC have said. But having done so, I don't think that Lloyds has treated her unfairly. So I don't think it owes her any more money.

my final decision

For the reasons I've explained, I think that what Lloyds Bank PLC has already agreed to pay Ms S is fair.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms S to accept or reject my decision before 25 July 2016.

Jeshen Narayanan
ombudsman

