

## **complaint**

Miss G has complained that Bank of Scotland plc trading as Halifax ("Halifax") mis-sold her an Ultimate Reward Current Account (URCA) packaged bank account in 2010. She pays a monthly fee for the account and is offered several benefits in return.

Miss G has used a claims management company (CMC) to bring her complaint to us.

## **background**

I attach my provisional decision of September 2015, which forms part of this final decision. In my provisional decision I set out why I thought I shouldn't uphold Miss G's complaint.

I invited both parties to make any further comments before I made my final decision. Halifax said it had nothing further to add. Miss G's representative responded saying there was little to add to what has been said previously. However, in summary, it made the following points:

- By reading all Miss G's statements, it says you get the overall impression of someone who generally understands very little. The account may not have been recommended, but the bank staff were targeted to sell these accounts. The bank had a duty of care, but it failed in its duty as it should have made sure she understood what she was agreeing to. And it believes the financial incentive for the branch staff to sell the account created a conflict of interest meaning it was unlikely that Miss G would have received fair and not misleading information about the account. And it has added that the bank staff should have explained about the incentive.
- It was noted what I had said about Miss G being told she could downgrade the account in the final response letter. But it has said that this was sent after she had already been told that she could not downgrade the account. And it has added that it believes the sale has furthered Miss G's financial difficulty and Halifax should have realised this at an earlier stage and automatically downgraded the account.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I see no reason to change the conclusions I came to in my provisional decision, so I don't uphold this complaint. But I would like to comment on the points raised in response to my provisional decision.

Whilst I note Miss G's representative's comments about what it believes her understanding was at the time of the sale and its thoughts about the Halifax employee's actions, I haven't seen any persuasive evidence that Halifax acted in this way. As set out in my provisional decision, it's possible Halifax may not have told her everything or given her clear information about the account, but I haven't seen anything persuasive to make me think that Miss G would not still have taken the account. I think it is more likely than not that Miss G decided to upgrade her account as she was attracted by the benefits the new account gave to her and I don't consider that this account was mis-sold to Miss G. I would add that the incentive a bank decides to pay its employees is its commercial decision and an employment issue. I don't think there is any persuasive evidence that any incentive the employee might have received resulted in Miss G losing out or being treated unfairly.

I note the comments made by Miss G's representative that it feels her financial difficulty has been worsened by having the account. Whilst I can see that charges have been applied for the time Miss G was overdrawn in excess of the interest free amount, around the time of the sale Miss G mostly stayed within the agreed overdraft she held. The fact that she has been charged for being overdrawn or later went on to go over her agreed limit, I do not think means that the account was mis-sold. Miss G was free to discuss any concerns with Halifax and I also note that when Halifax reviewed Miss G's complaint, it gave information to Miss G about what she could do if she needed advice on the management of her finances.

Looking at what Miss G's representative has said about being told she could not downgrade before the final response letter was issued from Halifax, as outlined in my provisional decision, Halifax has told us it does not have a record of this. In addition, whilst Miss G may or may not have received this information in a previous conversation, as she was informed in the final response letter what the process to follow was for downgrading the account, I think Miss G could have contacted Halifax at this time about downgrading her account. I have not seen anything persuasive to suggest Miss G has called Halifax regarding the downgrade or has been prevented from trying to downgrade the account.

### **my final decision**

For the reasons outlined above and in my provision decision of September 2015, I don't uphold Miss G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 November 2015.

Donna Parsons  
**ombudsman**

## **COPY OF PROVISIONAL DECISION**

### **complaint**

Miss G has complained that Bank of Scotland plc trading as Halifax ("Halifax") mis-sold her an Ultimate Reward Current Account (URCA) packaged bank account in 2010. She pays a monthly fee for the account and is offered several benefits in return.

Miss G has used a claims management company (CMC) to bring her complaint to us.

### **background**

One of our adjudicators has looked into Miss G's complaint already. The adjudicator didn't think that Halifax mis-sold the packaged account to Miss G and didn't recommend that Halifax should pay her any compensation. The CMC didn't accept this recommendation and asked for an ombudsman to look at the complaint and make a final decision.

When the CMC disagreed with our adjudicator and asked for an ombudsman to look into the complaint, it gave its main reasons as:

- Whilst it was appreciated the initial interpretation it made of the complaint was not entirely accurate, it said it appears the upgrade took place without the consumer really understanding the cost of the account. The CMC adds that Halifax has since told Miss G that she can't downgrade the account.
- Miss G is now suffering a degree of financial difficulty and with her overdraft balance being well over the £300 free amount, it says it is unsure how URCA benefited her.
- The fact the mobile phone was registered four years after the upgrade is largely irrelevant.

### **my provisional findings**

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

We have explained how we handle complaints about packaged bank accounts on our website. I have used this approach to decide what to do about Miss G's complaint. I don't intend to uphold Miss G's complaint. I currently agree with our adjudicator that Halifax did not mis-sell the packaged account to Miss G and does not owe her any compensation.

I will now explain my findings:

- Miss G has said that when she took the account, there was no discussion of bank charges or a fee for the account. She was just informed it was the best one for her. Miss G took the URCA packaged bank account in 2010 by switching from a free account which she had held for a number of years. Halifax has provided a copy of Miss G's upgrade application. This shows a selection from her fee free current account to the URCA. I can also see there was an option to remain on the same current account and there's nothing persuasive to suggest that when she signed the application she was told she was no longer eligible for a fee free account. In addition, from what I've seen, it looks like Miss G knew she was paying for the URCA. So overall, I think it's likely that Halifax gave Miss G a fair choice to take the packaged account or keep the free one.
- I've not seen anything to suggest that Halifax assessed Miss G's needs or made a personalised recommendation during the upgrade. So I don't think that Halifax recommended

the URCA to Miss G. This means it didn't have to check if the account was suitable for her. It was for Miss G to decide if the account was right for her taking into account her personal circumstances and any similar benefits she might already have had in place.

- Halifax had to give Miss G enough clear information about the packaged account for her to decide if she wanted it. It's possible it didn't do this. But I haven't seen anything to suggest she wouldn't have taken the account if it had. Like our adjudicator, I think that Miss G was attracted to some of the benefits of the packaged account and chose it because of these benefits. In particular, Miss G has said she had mobile phone insurance elsewhere. But I think it's likely that Halifax would've told her about this being a benefit as it would've made the account appear more attractive. So it was for Miss G to decide whether to continue with her existing cover or rely on the insurance provided by her URCA. And I note that having registered the mobile phone in 2014, she has told us she successfully claimed on the mobile phone insurance offered with the URCA. Halifax says the mobile phone was registered and a claim was made at the same time. Despite Miss G saying she had alternative cover, it seems she did rely on the URCA insurance. And she wasn't prevented from making a successful claim by not registering her phone at the time she took the account.

I can see that reference has also been made to the fact that Miss G had to register for breakdown cover. But Halifax has told us that there was no requirement to register for breakdown cover.

Miss G may not have made use of the travel insurance as she has said she did not travel and that she held breakdown cover elsewhere. But customers don't have to be attracted to all the benefits to find the package as a whole attractive. And sometimes they may be attracted to benefits that they don't end up using. It was for Miss G to decide whether the benefits, as a whole package, were attractive to her. And it was up to her to decide whether to cancel any existing standalone cover she may have had and use the account benefits instead. Whilst Miss G may not have used all the benefits, this doesn't mean Halifax mis-sold the account.

In addition, Miss G benefited from a £300 overdraft with the URCA at no cost as long as she stayed within the limit. I think it's most likely this limit was brought to Miss G's attention and that she was attracted to it. I say this as on the day of the upgrade she brought her balance to below the £300 limit and had regularly been less than £300 overdrawn in the weeks prior to this.

I can see that Miss G and her representative have referred to her being told she was not able to downgrade the account in May / June of last year due to her overdraft. But Halifax has told us that it does not have a record of this request being made. It has referred to the final response letter (dated after June 2014) where it explained the process to follow for downgrading the account. Halifax also said it would waive £76 in account fees and gave information about what Miss G should do if she needed help with management of her finances. I've seen nothing persuasive to suggest Miss G has called Halifax regarding the downgrade or has been prevented from trying to downgrade the account.

I can see that Miss G's representative has referred to the financial difficulty she is now facing. And that she has said with her overdraft balance being over the interest free amount, it is unsure how the URCA has benefited her. But this is with the benefit of hindsight. I don't think that means Halifax mis-sold the account to Miss G.

- It's possible that Halifax didn't tell Miss G everything it should have about the packaged account. But I haven't seen anything persuasive to make me think that Miss G would not still have taken the account even if Halifax had told her everything.

I want to reassure Miss G that I have looked at all the information I have about her complaint. Having done so I don't think Halifax mis-sold the packaged account to her. I don't think it owes her any money.

**my provisional decision**

For the reasons I've explained, I don't intend to uphold Miss G's complaint.

If Miss G or Bank of Scotland plc have anything more they'd like me to look at before I reconsider the complaint and issue my final decision, they should send it to me within one calendar month.

Donna Parsons  
**ombudsman**