

complaint

Mr P complains that Bank of Scotland plc (trading as Halifax) mis-sold him a packaged bank account in June 2010. He complains that he was told he had to take the account in order to be approved for a mortgage.

background

Mr P opened a free account with Halifax in 2002. He upgraded it to a packaged "Ultimate Reward Current Account" (URCA) in June 2010. Around the same time he took out a mortgage with Halifax. He downgraded his account to a free account in June 2015 shortly after making his complaint to Halifax.

Mr P's complaint has been assessed by one of our adjudicators. She recommended that it shouldn't be upheld. Mr P disagrees and has asked, as he is perfectly entitled to, that the complaint should be decided by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken into account the law, any relevant regulatory rules and good industry practice at the time the account was sold.

Mr P has complained that he was led to believe that he needed to upgrade his account to an URCA in order to increase his chances of being approved for a mortgage. So I have looked carefully at what documentation he was given by Halifax when he was considering his mortgage.

Halifax has given us a copy of a mortgage illustration that it says was produced for Mr P. This document is dated 3 July 2010 – that is a couple of weeks after Mr P upgraded his account. But the document also records that it is "illustration number 2" so I think it is likely that Mr P might have received an earlier document containing similar terms before he decided to upgrade his account. But if the terms were different – and this is what had induced him to upgrade his account – I'd have expected him to query it at the time.

The mortgage illustration that was produced for Mr P advised him that he would be required to either hold an URCA, or hold a free Halifax current account and pay in a minimum of £1000 per month. Having looked at Mr P's bank account statements from around that time it seems that he could have met the criteria of paying in £1000 per month so I think the mortgage illustration would have suggested to him that he had a choice in how to meet the requirement.

I have thought about what Mr P has said about being told that having an URCA would make it more likely that his mortgage would be approved. I can't be sure what Mr P was told, and so it is possible that Halifax did say this to him. But I've also thought about what Halifax says happened, that Mr P was given a fair choice, and he decided to take the URCA knowing that he didn't have to. And on balance that is the option that I think is more likely.

When Mr P took the URCA he needed to pay Halifax £12-50 per month for the account. But for that fee he received a number of benefits that I think he'd have found attractive. By paying at least £1000 per month into the account (something that I said above I thought Mr P would be likely to do), Mr P was given a monthly reward payment of £5. And by holding an

URCA when he took out his mortgage, Mr P received a cashback payment of £150. So I think that these benefits alone might be enough to explain why Mr P chose to take the URCA rather than a free account.

But the URCA also offered Mr P some other benefits that he appears to have found attractive. The account offered Mr P car breakdown cover, and I can see that he made use of this cover in 2014. Mobile phone insurance was also a benefit of the account – Mr P registered his phone for the cover a couple of months after upgrading his account, made a successful claim for damage to his phone screen in 2011, registered a new phone later that year and then registered three more phones in the following years.

The URCA also offered a card protection policy that Mr P registered for in 2011, and updated his details in 2014. And it offered travel insurance that Mr P called to get some more information on in 2014.

So overall it seems to me that, in Mr P's circumstances, he might have found having the URCA rather than a free account to be attractive. And knowing that he had to hold an account with Halifax, he decided that the URCA would be better for his needs.

When he upgraded his account, Mr P should have been given some information by Halifax about the account. But, Halifax hasn't been able to tell us exactly what Mr P was told, and so it's possible that it didn't do enough in this regard. But, I haven't seen any persuasive evidence that anything Mr P should have been told would have caused him to make a different decision about upgrading his account.

my final decision

For the reasons given above, I do not uphold the complaint or make any award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P either to accept or reject my decision before 2 November 2015.

Paul Reilly
ombudsman