

complaint

Mr M has complained that Santander UK Plc (Santander) mis-sold him a packaged bank account, called a *123 account*.

Mr M paid a monthly fee for the 123 account and received several potential benefits in return. He thinks that Santander should refund him the fees he paid and add interest.

background

Mr M has been a customer of Santander for quite a long time. Santander has told us that he opened a fee-free account in August 2006 and that it sold him the 123 account in July 2014. I think this information from Santander is reliable and I have taken it to be accurate.

One of our adjudicators has already looked into the complaint and didn't recommend that Santander should give Mr M any money back. Mr M didn't agree with the adjudicator's findings and asked for an ombudsman to review his case. So, it has come to me to make a final decision.

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. I've used this approach to help me to decide what to do about this case, and I've decided not to uphold it. I'll explain why below. But first, as I understand that during our investigation into this complaint Mr M has had significant health problems, I would like to express my sympathy for this and to send him my best wishes for a good recovery.

When Santander sold the 123 account to Mr M, the monthly fee was £2 per month, although it has risen since. If customers met certain conditions (such as paying a minimum amount into the account and paying out at least two direct debits each month), then in return for the fee, Santander would pay them more interest on their account balance than it usually offered to customers with fee-free accounts. It would also give them partial refunds (known as "*cashback*") on some types of domestic bill. Depending on how customers used the 123 account, they could receive more in interest and cashback than they paid in fees.

Mr M has made a single and very clear point in his complaint. He's told us that Santander told him about the benefits of the 123 account, but not about the fees. He's said that he "*went to the counter in the bank and was told to join 123 and pay (his) bills by direct debit to get cash back. (He) wasn't told about the fees.*" If Santander did fail in this way, then it would have been unfair to Mr M.

Santander has agreed that it sold the 123 account to Mr M during a discussion in one of its branches but has said that it told him about the benefits and the fee. So, it thinks it treated him fairly.

There are no detailed records or notes from the discussion, which means I can't tell for sure what Santander said, or didn't say, to Mr M during the conversation. So, to work out what is most likely to have happened, I've looked into everything that Mr M and Santander have told us or sent us about the complaint, including all the circumstances from the time. To me, there seem to be three main factors:

Firstly, when Santander sold the 123 account to Mr M, he had already held a fee-free account (with none of the potential benefits of the 123 account) for around eight years; so, it seems unlikely to me that Santander could have presented the benefits of the 123 account as being free of charge. I doubt that this would have seemed credible.

Secondly, the monthly fees would appear on Mr M's bank statements, so I doubt that Santander would have tried to hide them or ignore them during the discussion, as they would have soon become visible to Mr M.

Thirdly, Santander has looked into the way Mr M used the 123 account and has told us that he set up the direct debits and usually paid in sufficient money to qualify for the benefits. I accept Santander's evidence about this; so, it seems highly likely that the discussion (or any written material that Santander may have given to Mr M) was quite detailed. I doubt that Santander would have left out information about the fees when it seems to have told him about the other important details.

Taking these factors into account, I think it's highly likely the Santander did tell Mr M about the fees as well as the benefits of the 123 account, although I fully accept that Mr M may no longer remember this and has given us his honest account of what he recalls.

As well as telling Mr M about the fees and the benefits of the 123 account, I would also have expected Santander to give him a choice of buying it or keeping his fee-free account. There doesn't seem to be any dispute that Santander did this, indeed, it has told us that Mr M continued to hold a fee-free account alongside the 123 account.

So, in summary, although I can't be certain that Santander got everything right for Mr M when it sold him the 123 account, I think it probably told him about the fees and the benefits of the account and gave him a choice about buying it. I don't think it mis-sold the 123 account to him.

my final decision

For the reasons I have set out above, I am not upholding Mr M's complaint about Santander UK Plc. I am not going to tell it to give him any money back.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 July 2021.

Steve Townsley
ombudsman