

complaint

Miss H has complained that Lloyds Bank PLC (“Lloyds”) mis-sold a ‘Premier’ packaged bank account to her in 2011. She paid a monthly fee for the account and could’ve used several benefits in return. Lloyds have already agreed that the Premier account sold to Miss H wasn’t suitable for her needs at the time and have downgraded her account to a ‘Silver’ packaged bank account instead. It has also refunded the difference in cost between these two accounts to Miss H. However Miss H says that at the time of the sale, if she had understood she had a choice, she wouldn’t have agreed to take the Silver account either.

background

One of our adjudicators has looked into Miss H’s complaint already and didn’t recommend that Lloyds should pay her any more compensation. Miss H didn’t accept this recommendation and asked for an ombudsman to look at the complaint and 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 decide what to do about Miss H’s complaint.

I agree that the settlement made by Lloyds has paid to Miss H was fair. This is because:

Miss H has told us that at the time her account was changed to a Premier account she had gone to the bank to ask for her overdraft to be increased. She says that she was told that the only way the bank would do this was if she changed her fee free account to the Premier account. She says she had no need for any of the benefits attached to the packaged account and that the preferential rates it gave on overdrafts were of limited value as her new overdraft limit exceeded the £500 fee free limit on the Premier account.

I don’t know what was said to Miss H when she went into the bank to discuss her overdraft. But I can see that her limit did increase on the same day as her account was upgraded. And I should say that I don’t doubt Miss H has provided her honest recollections of her interactions with Lloyds. But I’m mindful that memories can fade over time. And at times there is a conflict between what the bank and Miss H says, or the evidence is unclear. In those situations, I have to look at what is available and the surrounding circumstances to help me decide what is more likely to have happened.

Miss H has confirmed that she previously had a Silver packaged account in 2007 which she kept for a few months before downgrading it to a fee free account. She has also confirmed that she had increased her overdraft herself on a number of occasions through online banking. So I think Miss H would’ve understood that packaged accounts were optional and could be downgraded. And I also think that she was aware that she could request an overdraft increase without having to go into a branch to discuss it.

Therefore, having taken everything into consideration, I think it’s most likely that Miss H went to the bank and discussed increasing her overdraft. And that during this conversation she agreed to take the Premier account because of the preferential rates it offered on overdrafts.

And while I agree the limit of Miss H's overdraft was bigger than the fee free limit with the Premier account, the preferential rates she received above this limit were still lower than standard overdraft interest rates, so I still think this would have been of interest to her.

Lloyds has told us that it recommended the Premier account to Miss H but it has also agreed that the account was unsuitable for her. Because of this Lloyds has downgraded Miss H's account to a Silver account and refunded the difference in cost between the two accounts. Miss H has said that she wouldn't have taken the Silver account in 2011, but is happy to keep it now as her circumstances have changed and she feels she can benefit from it going forward.

When Lloyds agreed to downgrade Miss H's account it stated that the Silver account was appropriate for her needs as she had used some of the benefits that came with the Premier account which were available through the Silver account as well. As such it said that Miss H had shown a need for a packaged account over a fee free one.

Miss H disputes this and says that she never needed or wanted a packaged account. Lloyds have told us that Miss H registered a mobile phone indicating she had an interest in the phone insurance that came with the account. Miss H says that this was done for her in branch by the person who upgraded her account. I've checked to see when the phone registration happened and the records provided by Lloyds show that the phone was registered three months after the account was changed. So I think it's likely Miss H did this herself, though given the time that's passed, she may not remember doing so.

Miss H also benefited from the reduced interest rates on her overdraft, which she used regularly at the time. These reduced rates were also available with the Silver account. So while I understand Miss H feels that she wouldn't have taken the Silver account, I can't conclude that it held no potential benefit to her. Packaged accounts are rarely tailored to the individual, so it's unlikely Miss H would've found every benefit useful. But I've not seen anything to suggest she couldn't potentially have used most of the benefits.

With hindsight, Miss H might feel that the packaged account wasn't particularly beneficial to her. But taking the evidence as a whole, I think it's more likely than not that she agreed to take the account, knowing she had a choice and that she was taking an account with benefits. Just because she hasn't taken advantage of all the benefits, doesn't mean that the account was mis-sold.

I want to reassure Miss H that I've looked at all the information I have about her complaint. And I've thought about everything she has said. But having done so I don't think Lloyds mis-sold the packaged account to her. So I don't think it owes her any money.

my final decision

For the reasons I've explained, I don't uphold Miss H's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 November 2015.

Karen Hanlon
ombudsman