

complaint

Mr T complains that Lloyds Bank PLC mis-sold packaged bank accounts.

background

Mr T opened a free Classic account with Lloyds in 2005. This was upgraded to a Select account in 2006, a Gold account in 2010 and a Platinum account in 2012. He downgraded back to a free account last year and complained to Lloyds about the sales of the accounts.

Lloyds agreed that the two later upgrades – to the Gold and Platinum accounts - weren't appropriate for Mr T. But it didn't think it had done anything wrong in relation to the Select account. So it refunded the fees Mr T paid for the Gold and Platinum accounts less what he would've paid for the Select account. This was because Lloyds thought he would've kept the Select account.

Mr T didn't agree with Lloyds so brought his complaint to this Service.

One of our adjudicators has already looked into the complaint. He recommended that Lloyds should refund all of the packaged account fees paid by Mr T – the fees that he paid whilst he had the Select account and the difference in fees which it hadn't paid when it refunded the Gold and Platinum accounts.

In response to our adjudicator's assessment Lloyds confirmed that it now agreed that the Select account wasn't suitable for Mr T and so is willing to refund him the fees that he paid whilst he had that account. But it argues that as he showed an awareness of the benefits after the upgrade to the Gold account it isn't willing to refund the difference in the fees between the Select and Gold/Platinum accounts.

In these circumstances the case has come to me for 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. Having done so, I agree with our adjudicator and uphold Mr T's complaint.

After Lloyds received Mr T's complaint it investigated the sales. It concluded that he should never have been upgraded from the Select account – hence it refunded him the fees as I outline above.

Following our adjudicator's assessment Lloyds again looked into the matter. This time it agreed that the Select account hadn't been suitable for Mr T at the point of sale. But it refers to Mr T's registration of a mobile phone for cover – after the upgrade to the Gold account. It says that this shows an awareness of the type of account Mr T had and its suitability later on. So, whilst willing to refund all the fees Mr T paid for the Select account when it was a Select account, Lloyds isn't willing to refund the difference between the cost of the Select account and the Gold and Platinum accounts.

I accept that Mr T did register a mobile phone for cover in 2010 after the upgrade to the Gold account. But Lloyds is now accepting that all of the three packaged accounts it sold to Mr T were mis-sold to him. And I don't think it's fair or reasonable for Lloyds to rely on a single registration of a mobile phone as a reason not to refund all of the fees for these accounts.

So I require Lloyds Bank PLC to:

- refund all the packaged account fees paid by Mr T less the sum which it has paid him in June 2015 which was a partial refund of the fees for the Gold and Platinum accounts.
- pay an additional amount equal to 8% simple interest* per year on each account fee, calculated from the date each fee was paid to the date of settlement – less any interest which it paid him in June 2015 when it made the partial refund of the fees for the Gold and Platinum accounts.

* HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give Mr T a certificate showing how much tax it's taken off if he asks for one.

my final decision

My final decision is that I uphold Mr T's complaint and require Lloyds Bank PLC to pay fair compensation as set out above. I make no other award against Lloyds.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 21 April 2016.

EJ Forbes
ombudsman