

complaint

Mr S complains that Santander UK Plc mis-sold him a Premier 50 packaged bank account when his account was upgraded in 2008.

Mr S is represented in this matter by a claims management company (CMC).

background

Mr S complained, through his CMC, to Santander that it had mis-sold him the Premier 50 account. It didn't agree to uphold Mr S's complaint and so he has brought it to this Service.

Our adjudicator looked into Mr S's complaint and recommended that it shouldn't be upheld. Mr S didn't accept that assessment and asked for an ombudsman to look at the matter afresh. A few weeks ago I issued a provisional decision in which I explained why I was minded not to uphold Mr S's complaint. And I invited the parties to send anything else they wanted me to consider.

my findings

I've considered afresh all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Following my provisional decision Santander has told us that it has nothing further to add. Mr S has kindly provided us with a few more points. I've also taken those into account. But having done so, I'm not persuaded to change my decision.

This is what I said in my provisional decision:

Although I don't doubt Mr S has provided his honest recollections, I'm mindful that memories fade over the years. Where the evidence is unclear or there are conflicts I make my decision based on the balance of probabilities. In other words I look at what evidence we do have and the surrounding circumstances to help me decide what is more likely to have happened.

I note that there are some inconsistencies in what Mr S has told us and these lead me to conclude that his recollections aren't as clear as once they were. For example, he says that he thought the upgrade took place in 2004 whereas I'm satisfied it occurred in late 2008. He also says at one point that he thought the fees for the account were because his bank had been taken over by Santander. This suggests that he thinks the upgrade was an automatic process. But elsewhere he tells us that the upgrade took place at a meeting and that he didn't recall the adviser explaining the main exclusions of the policies which came with the account. This suggests that he recalls a discussion taking place about the upgrade. As I say, I don't find these inconsistencies surprising given that events were a few years ago but I've taken them into account when reaching my decision.

Santander says it would have followed a process when Mr S upgraded his account - and provided information to Mr S so he could make an informed decision. It hasn't provided us with any documentation about Mr S's upgrade. But, from its records, I can see that Mr S had held a free bank account for many years before the upgrade. The Premier 50 account cost £10 per month in 2008. It offered a number of benefits to account holders. These included travel insurance, a health benefit, identity and card protection and some banking benefits.

I think that there was a discussion about the account. And as Mr S has indicated on our questionnaire that he wasn't put under pressure – I think it's likely that he chose to upgrade and found the fee acceptable because there was something which attracted him to it.

Mr S says that Santander recommended the Premier 50 account. Santander says that it wouldn't have provided a recommendation to Mr S. But from what Mr S tells us about the sale, it doesn't sound as though there was an examination of his circumstances which would have informed a recommendation – or that advice tailored to him was provided. So I don't think that Santander did give advice which means it didn't have to ensure that the account was suitable for Mr S. But it still had to give him enough clear information so he could make an informed decision about whether or not to take out the Premier 50 account. The decision was for him knowing what his personal circumstances were.

As Santander was trying to sell a packaged bank account to Mr S, it's likely it would've told him about the headline benefits so as to make it appear attractive and good value for money. I'm open to the possibility that Santander may not have told Mr S everything he needed to know about those benefits. But even if there were some failings I don't think Mr S would've made a different decision had he been given better information.

Looking at Mr S's bank statements I don't think he would've been attracted to the preferential overdraft facility – he kept his account in credit - often with a high balance. But it seems that interest rates on his credit balance may have been what drew Mr S to the Premier 50 account.

The Premier 50 account paid a higher rate of interest on credit balances compared to a free account. As Mr S kept a high balance in his current account I think that this would have been important to him. I've looked carefully at Mr S's bank statements. Before he upgraded he doesn't appear to have received interest on his credit balance. In the months following the upgrade, he paid a £10 account fee but received credit interest of between £13 and £16 each month. In other words the credit interest he was receiving (as a result of having the Premier 50 account) was more than meeting the account fee. I think this is why Mr S agreed to upgrade his account.

I accept that Mr S may not have been interested in all the benefits of the account but a consumer doesn't have to find all the benefits to be useful to find the package as whole attractive.

Mr S says he didn't need the travel insurance provided by the account. But his testimony around this benefit hasn't been wholly consistent. And from what I've seen I'm satisfied that Mr S did travel and had a need for some travel insurance.

In our questionnaire Mr S ticked that he didn't have a medical condition at the time he upgraded. But he also says that he didn't use the travel insurance provided through his Premier 50 account because it wasn't comprehensive enough due to a medical condition he has. He says he took standalone cover to ensure a condition he suffered from was covered. I accept that the condition he refers to may not have been covered under the Premier 50 account travel insurance. And I've seen a copy of his cover in 2010 – two years after the upgrade so it would appear that at that time he wasn't relying on the insurance provided through his bank account.

If, as Mr S told us, he didn't have the medical condition at the time of the upgrade, it's possible that he was attracted to the worldwide travel insurance provided through his account. At that time the benefit provided cover for people up to 79 years of age. Given Mr S's age, he may have found that attractive. And if he didn't have his condition at that time, it seems he would have been covered whether or not he had been told about the exclusions. So if there were failings on the part of Santander in providing information to Mr S I don't think that better information about the travel insurance would have made a difference to Mr S's decision whether or not to upgrade – if he didn't have the medical condition.

But I'm also open to the possibility that Mr S made a mistake on our questionnaire and he did have his medical condition at the time of the upgrade. But he says elsewhere that he didn't rely on it because he didn't think it was comprehensive enough. So he took stand-alone cover. This suggests that he was not only aware of the travel insurance but also that he knew some of the details of the terms and conditions and whether it met his needs. However he still took the Premier 50 account and he kept it until 2013 which suggests that it was something other than the travel cover which attracted him to the account.

Mr S also says he had separate health cover and that he didn't need the health benefit provided by the Premier 50 account. He has sent us some details of his stand-alone cover. I accept that he appears to have had some sort of health cover which may have been duplicated by the Premier 50 account benefit. But as I mentioned above, I think Santander would've told Mr S about this benefit as it made the account look attractive. If Mr S decided to keep his other cover in place – that was a matter for him. As he did so, it makes me think he wasn't interested in that benefit on the account – perhaps because he thought his existing cover was more comprehensive. But whatever his reasons for continuing with his existing policy, I'm satisfied that – as he did so - there was something else about the account which must've attracted him.

Mr S says that he believes he hasn't benefitted from having the packaged account and that he would have been better off if he had kept the standard account. This is with the benefit of hindsight. But I think that in 2008 Mr S thought that the account would be good for him. And following the upgrade – for 11 months out of the first 12 - he did receive several pounds more in interest than he was paying in account fees. And in addition to benefitting the preferential interest rates on his credit balance he had the reassurance of having card and identity protection in place. Taking all this together, I'm not persuaded that Mr S would've made a different decision even if he had been told everything about the benefits.

In Mr S's response to my provisional decision he confirms again that he always took stand-alone travel insurance. He also tells me that he didn't rely on the card or identity protection which came with his account. In respect of the higher rate of interest being paid on his credit balance, he says that there was little point in receiving a higher rate of interest if it was simply being paid out again by way of a fee for benefits which weren't needed. And he thinks he could've found a better rate elsewhere.

But, as I mentioned in my provisional decision Mr S maintained a relatively high balance in this current account both before and after he upgraded. I agree with him – that was a personal decision for him. But before he upgraded he didn't receive interest from Santander in respect of that credit balance. He did afterwards. And - for the first year - Mr S earned more in interest than he paid in fees. I accept that over the years the interest rate may have decreased and so that didn't remain the situation. And whilst I understand that Mr S feels he didn't get good value from the account overall, as I'm satisfied he chose to upgrade it, it was for him to downgrade when the interest rate became less lucrative.

So my decision hasn't changed. I think Mr S chose to upgrade because he saw some benefit in having the Premier 50 account. I accept he may not have been interested in all of those benefits, but it seems he was able to take advantage of the preferential interest rate on his credit balance. And if Santander didn't tell him all of the details about each of the benefits, I don't think he would've made a different decision, even if it had.

Whilst I acknowledge that Mr S will be disappointed by my decision, I'm not persuaded to uphold his complaint.

my final decision

For the reasons outlined in my provisional decision and above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 November 2015.

EJ Forbes
ombudsman