

complaint

Mr and Mrs W have complained that HSBC UK Bank Plc ("HSBC") mis-sold them a fee-paying Advance account.

They say they were talked into agreeing to the account when they were on the phone to HSBC discussing a fraud that happened on their credit card.

background

Mr and Mrs W held a fee-free account with HSBC. Their account was upgraded to an Advance account during a telephone call in July 2010 and remained as such until they downgraded their account to a fee-free account in April 2015.

One of our adjudicators assessed their complaint and didn't think that HSBC had mis-sold the Advance account. Mr and Mrs W disagreed and asked for their complaint to be reviewed further, so it has been passed 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. We've explained how we handle complaints about packaged bank accounts on our website. And I've used this approach to help decide what to do about Mr and Mrs W's complaint.

Having done so, I don't think the packaged bank account was mis-sold to Mr and Mrs W. I know this will come as a disappointment to them, but I'd like to assure them that I have considered everything they have provided and said.

Mr and Mrs W have questioned why HSBC doesn't have details of the sale on file and question whether HSBC was required to retain information for a period of time. HSBC has been able to provide some information from around the time of the sale. But as the sale happened over 8 years ago, this is generally longer than we'd reasonably expect a financial business to retain such information - especially a call recording of a packaged account sale.

Having said that, I think it might be helpful to explain that where matters are either unclear or in dispute, as they are here, I need to decide what I think is most likely to have happened, based on the evidence that is available. This includes the evidence that *both* parties have provided, and not just Mr and Mrs W's recollections of the events on their own.

I've started by considering whether or not Mr and Mrs W were given a fair choice in upgrading their account.

Before their account was upgraded to an Advance account Mr and Mrs W held a fee-free account. And based on Mr and Mrs W's recollections, it seems that HSBC essentially persuaded them into agreeing to upgrade to the Advance account. Therefore I think Mr and Mrs W agreed to the upgrade on the basis that they knew it was optional and that they could have kept their account as a fee-free account instead. I say this particularly as they later downgraded their account back to a fee-free account in 2015. So I'm satisfied that Mr and Mrs W were given a fair choice in deciding whether to upgrade to the Advance account or not.

Based on what Mr and Mrs W have said, and what we know about HSBC's sales processes at the time, I think the Advance account was likely to have been sold on an advised basis. Mr and Mrs W appear to be under the impression that the Advance account was mis-sold *because* HSBC recommended it to them. But HSBC was able to recommend it, provided it made sure the account as a whole was a good fit for their circumstances.

At the time the Advance account was sold it cost £12.95 a month and provided worldwide family travel insurance; roadside assistance; £3,000 life cover; and £3,000 of accidental death benefit. It also provided banking benefits such as preferential interest rates on savings accounts, overdrafts and preferential terms on mortgages, as well as a 10% repayment reward on personal loans - amongst other benefits.

HSBC says that on 24 June 2010, i.e. prior to the account being upgraded, Mr and Mrs W had discussed re-mortgaging with HSBC. And shortly after they upgraded their account, I understand Mr and Mrs W did take out a mortgage with HSBC. And given that they were discussing a mortgage with HSBC around that time, I think that the preferential terms on mortgages (for example having the Advance account meant that you could save £200 on the mortgage booking fee) may've been the main reason why HSBC recommended the Advance account to them.

Mr and Mrs W have also said that they occasionally travelled, they already had a savings account with HSBC and that they drove. So I think they could've made use of the travel insurance and also benefited from the slightly better interest rate on their savings account as well.

I understand that Mr and Mrs W say they already had life insurance, accidental death cover and breakdown cover. However, the life and accidental death benefit would've paid out in addition to any existing policies that they had – so I don't think the existence of prior cover means that these benefits were unsuitable for Mr and Mrs W. With regards to the breakdown cover, I accept that they didn't have a particular need for this benefit as they say they had cover as part of a package with their car, which they say was new at the time.

As the Advance account was sold as a package, Mr and Mrs W couldn't pick and choose what it came with. Therefore, I don't think it means it was mis-sold if they didn't have a need for some of the benefits it provided, such as the breakdown cover. And whilst they said they had existing travel cover that offered better levels of cover, I've not seen anything to say that the worldwide family travel cover that came with the Advance account was necessarily unsuitable for them.

Overall, at the point the Advance account was sold to them, it seems that Mr and Mrs W could potentially have benefited from savings on a mortgage (which they went on to take out), a better rate of interest on their savings account and the travel, life and accidental death cover. So taking all of these factors into account, I don't think recommending Mr and Mrs W upgrade to the Advance account was necessarily unreasonable in the circumstances, even if it's the case that, with the benefit of hindsight, Mr and Mrs W now regret doing so.

HSBC had to give Mr and Mrs W all of the important information about the Advance account so that they could make an informed decision whether to agree to it. As a call recording of the sale is not available, I accept that HSBC may not have given Mr and Mrs W all of the information it should've when it sold the account.

But Mr and Mrs W's recollections of the sale suggest that they were persuaded to upgrade to it after HSBC had told them (albeit briefly) what it came with. And based on their circumstances at the time, I can't see anything that makes me think they would've been put off from agreeing to the account, had they been given further information about it. For example, Mr and Mrs W have said that HSBC didn't tell them that they could cancel it. But given that they knew fee-free accounts were available (as they had one) and that they did later downgrade the account in 2015, I'm not persuaded that telling them that they could cancel it would've put them off agreeing to it in 2010, as ultimately I think they were already aware of this.

Mr and Mrs W have said that they weren't told they had to register for products. But, as far as I am aware, none of the products on the account at the time required registration. So there was no reason why HSBC would've been required to mention registering for benefits during the sale.

Mr and Mrs W have also said that during the same call, they were mis-sold a card protection policy alongside the Advance account. They say that HSBC took advantage of them as they had recently been the victims of fraud on a credit card. However, just because another product had been mis-sold doesn't automatically mean that the Advance account was. And given that one of the features of the Advance account was that it provided identity theft assistance and they'd recently been the victims of fraud, this may've been another reason why HSBC recommended the account to them. So I don't think it was inappropriate for HSBC to have recommended the Advance account to them when it did.

Mr and Mrs W have said that they later received a 10% repayment reward after repaying a loan - after they'd downgraded their account to a fee-free account. So they say that it was therefore not a benefit that was exclusive to the Advance account. But I understand that HSBC has periodically offered such a benefit to fee-free account holders as well as Advance account holders. And it doesn't look as though Mr and Mrs W agreed to the Advance account for this benefit alone, so I don't think knowing that it might've been occasionally available to fee-free account holders as well would've affected their decision to upgrade.

So taking everything into account, I don't think that HSBC mis-sold the Advance account to Mr and Mrs W.

I appreciate that with the benefit of hindsight, and also based on what they may've read recently about packaged bank accounts, Mr and Mrs W may now think that the Advance account was mis-sold. But having considered everything they have said, alongside what I know about their circumstances at the time and what HSBC has been able to provide, I'm satisfied that it wasn't mis-sold.

I understand that this may come as a disappointment to Mr and Mrs W, but I hope I have been able to explain why I haven't upheld their complaint.

my final decision

Because of the reasons given above, I don't think that the Advance account was mis-sold. So I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 25 July 2019.

Thomas White
ombudsman