

complaint

Mr S has complained that National Westminster Bank Plc (NatWest) mis-sold him an Advantage Gold packaged bank account in 2004. He paid a monthly fee for the account which offered several benefits in return. Mr S has also raised concerns about the bank giving him a £10,000 overdraft instead of a loan.

background

I attach my provisional decision of 2 December 2015, which forms part of this final decision.

In my provisional decision I set out why I didn't intend to uphold Mr S's complaint. I invited both parties to make any further comment before I reached a final decision.

No new information or arguments were provided by NatWest. However, Mr S did respond. In summary he said:

- He already had a £5,000 overdraft before the bank gave him a £10,000 facility.
- He'd taken a £10,000 loan and repaid the loan immediately as he couldn't afford the monthly repayments. The bank still gave him £10,000 overdraft knowing his situation.
- NatWest told him about the preferential rates available on personal loans with the Advantage Gold account. But it told him he was unable to get the loan as his income was too low.
- NatWest didn't give him any information about the charges and interest rates payable on the overdraft. Had it done so, he wouldn't have taken the overdraft.
- He didn't need any of the insurance benefits.
- The large credits into his account were from a house sale and help from family to buy a new property.
- At the time he was on one low income.
- NatWest's treatment has had a significant impact on his health.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to disappoint Mr S but having reviewed his case again, I see no reason to reach a different conclusion to the one that I set out in my provisional decision.

I accept Mr S already had an overdraft limit before the bank increased it to £10,000 in July 2005. Just to clarify, in my provisional decision I said Mr S hadn't applied for the £10,000 facility when he'd taken the Advantage Gold account in 2004, so I wasn't persuaded the bank had pressured him to take the Advantage Gold account to get the larger limit.

I have thought about Mr S's comments about NatWest giving him a £10,000 overdraft limit after he couldn't get a loan and the difficulty he says he had in meeting his repayments on another loan. But his borrowing history at the time shows he wanted to borrow from the bank. Whilst Mr S couldn't get a loan, the overdraft met that need and gave him greater flexibility than a loan, as he didn't need to repay a fixed amount back each month.

Mr S has said he was on a low income and the large credits into his account were proceeds from selling his house and family. But I don't think NatWest would've necessarily made the distinction.

Mr S also says he wouldn't have taken the overdraft if he'd been made aware of the interest and charges. But as he'd had an overdraft facility before, I think he would've understood he'd be charged interest on it and incur fees if he exceeded it.

Mr S has acknowledged NatWest told him about the preferential rates he could get on a loan with the Advantage Gold account, so I think he got some important information about the account to decide if he wanted to take it. When Mr S didn't get the loan, he could've downgraded his account. But the fact that he decided to keep it, suggests he was still interested in some of the benefits.

I understand Mr S feels very strongly about this matter. But having considered everything he's said and the additional evidence, I haven't seen enough to say NatWest mis-sold the Advantage Gold account to him or did something wrong when it gave him the overdraft.

NatWest has an obligation to treat customers in financial difficulty positively and sympathetically, so if Mr S is having difficulty managing his overdraft, he should speak to the bank to see what it can do to help.

my final decision

I understand this is not the outcome Mr S was hoping for. I also realise it's going to leave him in a difficult situation. But for the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 8 February 2016.

Sarita Taylor
ombudsman

copy of provisional decision

complaint

Mr S has complained that National Westminster Bank Plc (NatWest) mis-sold him an Advantage Gold packaged bank account in 2004. He paid a monthly fee for the account which offered several benefits in return. Mr S has also raised concerns about the bank giving him a £10,000 overdraft instead of a loan.

background

We looked into Mr S's complaint and didn't think that NatWest had mis-sold the packaged account to him or done anything wrong when it approved Mr S's overdraft facility. Mr S didn't accept this and asked for an ombudsman to look at his complaint afresh and make a decision.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We have explained how we handle complaints about packaged bank accounts on our website. I have used this approach to help me decide what to do about Mr S's complaint.

After giving Mr S's complaint a lot of thought, I haven't seen enough to say that the packaged bank account was mis-sold to him or that the bank did anything wrong in giving him the overdraft facility. I know this will be disappointing for Mr S, but I hope my explanation makes clear why I've reached this conclusion.

The first thing I've thought about is whether Mr S was given a fair choice when he took out the packaged account. Mr S says he was forced to take out the Advantage Gold account. But I haven't seen anything persuasive to say that NatWest put pressure on him. When Mr S upgraded in 2004, he was switching from a free account and he'd previously downgraded from an Advantage Gold account to a free account, on two separate occasions. So I think he would've known he didn't need to pay to have a bank account if that's what he wanted. Considering everything, I think NatWest gave Mr S a fair choice to upgrade his account and he chose to do so because he was attracted to some of its benefits.

I don't doubt that Mr S has given us his honest recollections of what happened at the time. But the account was upgraded over 10 years ago and I've kept in mind that memories can and do fade over time. Mr S says NatWest advised him to take the Advantage Gold account because he'd get the benefit of a £10,000 overdraft. But I have checked the bank's records and Mr S didn't apply for the £10,000 overdraft until July 2005 – this was almost nine months after he took out the Advantage Gold account. As the two things aren't connected, I think Mr S is genuinely confused about what he believes happened. And I will deal with Mrs S's concerns about the overdraft in more detail later in this decision.

I've not seen any persuasive evidence to suggest that NatWest recommended the packaged account to Mr S. This means it didn't have to check if the account was suitable for him. It was up to Mr S to decide if the packaged bank account was right for him.

I think it's most likely that NatWest did tell Mr S about the main benefits of the account because those would have made the account more attractive. It may be that the ins and outs of the account weren't discussed in detail. But I haven't seen anything to make me think that more detailed information would have meant that Mr S wouldn't have taken the account.

I can't be sure what led Mr S to take the packaged account. But I do think it's likely he thought one or more of the benefits could have been useful, and this is why he took the packaged account which

came at a cost. The bank has said that two of the benefits the packaged account came with reduced overdraft rate and travel insurance. Based on what Mr S has told us about his circumstances, I think it's possible Mr S could've found the account useful for these benefits.

I now turn to Mr S's concerns about his overdraft. Mr S says that he went into his bank for a personal loan but it gave him a £10,000 overdraft instead. He doesn't feel this was in his best interests as he hasn't managed to repay the overdraft and the costs haven't been clear.

I've thought very carefully about what Mr S has said. In doing so, I have also reviewed Mr S's account statements from 2004 and 2005 to get a picture of what his financial situation was at the time. I've also considered the bank's records in relation to Mr S's overall borrowing history.

Mr S says he was on a low income but in 2004 and 2005, he received a number of large credits into his account. Shortly afterwards, he withdrew these funds suggesting he'd earmarked them for something. On the day the bank approved the overdraft, Mr S had already attempted to apply for two loans but both applications were referred. Mr S says he only wanted a loan but his borrowing history suggests he was looking to raise funds for a specific reason – he hasn't said what that reason was. Ultimately, it was up to NatWest to decide if it was prepared to lend to Mr S and on what terms. NatWest decided it would lend to Mr S but in the form of an overdraft rather than a loan. I think Mr S would've understood how the overdraft worked because he's had one before. I understand looking back Mr S may now think he would've been better off with a loan or no borrowing at all. However, this on its own taken with everything else I've seen, isn't enough for me to say that NatWest did something wrong and it should now write off all or part of the overdraft, or the interest he's paid over the years.

NatWest has an obligation to treat all its customers in financial difficulty positively and sympathetically. I understand Mr S has been through a difficult time and he may be continuing to experience financial difficulties. If this is the case, I would urge him to speak with the bank to see what it can do to help.

I want to reassure Mr S that I've looked at all the information I have about his complaint, including what he's said about his Diamond Reserve account. But having done so, I don't think NatWest mis-sold the Advantage Gold account to him in 2004 or did something wrong when it gave him the overdraft. So I don't think it owes him any money.

my provisional decision

For the reasons I have explained, but subject to any further comments or evidence I receive from either Mr S or from National Westminster Bank Plc by 4 January 2016, my provisional decision is that I don't intend to uphold this complaint.

Sarita Taylor
ombudsman