

complaint

Mr S has complained that Bank of Scotland plc trading as Halifax ("Halifax") mis-sold an Ultimate Reward Current Account ("URCA") packaged bank account to him in 2012. He pays a monthly fee for the account and receives several benefits in return.

background

One of our adjudicators has looked into Mr S's complaint already. The adjudicator didn't think that Halifax mis-sold the packaged account to Mr S and didn't recommend that it should pay him any compensation. Mr S 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 is 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 Mr S's complaint.

This is a difficult matter to decide upon as there is no direct evidence from the sale to show what was said to Mr S. Where evidence is incomplete and matters are in dispute, as they are here, I make my decision based on what I think is most likely to have happened given the evidence that is available and the wider circumstances at the time.

I know this is going to come as a disappointment to Mr S, but after giving his case a lot of thought, I haven't seen enough to conclude that the URCA was mis-sold to him. I know this isn't the outcome that Mr S is looking for. But I hope that my explanation will help him understand how I have come to this conclusion.

Mr S took the packaged bank account by switching from a fee free account which he had held for several months. Halifax has also provided a copy of Mr S's application form. This shows a checklist of information he signed to confirm he had received it – including information about the overdraft. I've not seen enough persuasive evidence to suggest that when he switched he was told his existing account or free accounts in general were no longer available. So I think it's likely Mr S was given a fair choice whether to take the packaged account which incurred a monthly fee or keep the free one.

Mr S has said that he wanted an overdraft and he was told that he needed to upgrade to a packaged account to have it. He says that the promises of an increase in overdraft to £1,500 never materialised - that he tried to increase his £300 overdraft to £700 and above (up to £1,500), but was unable to. And I can see he has also said he thought his overdraft was £1,500 not £300.

Halifax has confirmed that the approval for an overdraft is not linked to the type of account a customer holds. Mr S took up the £300 overdraft at the same time as the URCA was taken out and has shown as the limit on his statements since the upgrade. Halifax has said that whilst a customer may benefit from preferential rates whilst holding a certain type of account, the decision on whether to provide or increase an overdraft is not dependent on the type of account held. And Halifax has told us that its records don't show any evidence of a request for an increase in overdraft being made. So whilst I acknowledge Mr S's comments and appreciate a conversation may have occurred about increasing the limit, I've not seen

enough persuasive evidence for me to think he was told by Halifax that his overdraft was £1,500, it was the only way to get a £1,500 overdraft facility or that he has applied for one since.

Overall, I think it's most likely that Mr S was given a fair choice about whether to upgrade his account and chose to do so because he was attracted to some of the benefits.

Having considered the evidence, I don't think that Halifax recommended the packaged account to Mr S so it didn't have to check if the account was suitable for him. It was up to Mr S to decide if the account was right for him, taking into consideration his circumstances at the time.

Halifax had to give Mr S enough clear information about the packaged account for him to decide if he wanted it. One of the benefits of the URCA was a fee free overdraft of up to £300. At the time Halifax charged a £1 per day overdraft usage fee to use an agreed overdraft on a fee free account. But URCA account holders didn't have to pay this fee as long as their overdrawn balance didn't exceed £300 – or their agreed limit if it was lower.

Having looked at Mr S's statements, it looks like he occasionally went overdrawn in the months leading up to the upgrade. As he had an agreed overdraft with the URCA and would pay no overdraft fees as long as he didn't exceed the £300 limit, I think that he did benefit from this and I think that he may have upgraded for this reason.

I can see Mr S was charged when he exceeded his planned overdraft limit. Mr S has said he feels this was caused by the monthly account fee being applied on the same dates and when there wasn't enough funds in the account. I can see from the selection of statements sent that unplanned overdraft charges and the monthly account fee were often applied on the same date. But this was generally on the first day of the month, although occasionally a day or so later depending if the first of the month fell on a weekend or public holiday. The monthly account fee may have been taken on the first due to the account being taken out at the end of the month. And from what I've seen, the charges are shown in the literature sent and Halifax will charge any unplanned overdraft fees between the last day of the following month and the first working day of the month after that.

Mr S has said that he has lost many mobile phones and always paid to replace them. As I think it's likely that he was told what it came with, it was for Mr S to decide if he wished to use it or not.

Mr S has also said that he drove at the time of taking out the account. But that he held breakdown cover elsewhere. As the account wasn't recommended and I think it's likely he was told the account included this cover, it was for him to decide if the account was right for him even though it included breakdown cover. So I can't hold Halifax responsible if Mr S decided that he preferred to keep the cover he had elsewhere.

Mr S has not included whether he travelled or not, but he hasn't said he held insurance elsewhere. So I think this could've been something he might have found useful. Even if I was persuaded that he didn't travel at the time, it doesn't mean that the account was of no use. Mr S may not have had to claim on these insurance benefits and he also may not have been attracted to or possibly needed everything that came with the account. Packaged account are rarely tailored to the individual, so it's unlikely he would've have found every benefit useful. And what I've seen, the information leads me to think that Mr S thought enough of the package would be useful to him and that's why he chose to take it.

Mr S said he wasn't given any information about the other benefits at the time, but may have considered them as they would've been useful to him. I accept it's possible that Mr S might not have had all of the information on every benefit included in the package. But overall, I think it's likely a discussion took place and he was given enough information to know what the account included because that's what makes it attractive. I don't think any of the information that he might not have known about the individual benefits would've put him off agreeing to it, as I can't see that he would've been significantly affected by any of the main ones. Halifax has said that a welcome pack would've also been given to Mr S at the upgrade. This would've provided all the details of the account, including the terms and conditions. And I think it is likely Mr S received this as I note he said it is probable that the information may have been included in the literature sent to him, but he didn't read it. Halifax has also said it sent an annual eligibility statement.

I am sympathetic to the situation Mr S has said he found himself in regarding his own business. And I can understand that Mr S might not make the same decision about the account today. But whilst a customer might not have saved as much as they'd initially hoped to, or didn't need to make a claim on the insurance policies, this doesn't mean the account was mis-sold. At the time, I think he had a choice whether to take the account and did so because he was most likely interested in some of the account benefits. It was up to him to decide then and over the years if the account was right for him. I want to reassure Mr S that I've looked at all the information I have about his complaint. And I've thought about everything he has said. But taking everything into consideration, from the information I've seen, I can't conclude Halifax did anything wrong in selling the account to him.

I note Mr S still has the URCA. I understand Mr S has referred to trying to cancel the account. But Halifax has told us it has no record of Mr S attempting to close his account. I also understand that he has said that he was told by Halifax he was unable to close his account in arrears and he had to keep it two months in the clear to close. Halifax has told us that should he wish to cancel the account it will need to be in credit, alternatively there is the option to downgrade the account. Should Mr S wish to do either of these, he should discuss this with Halifax.

my final decision

For the reasons I've explained, I don't uphold Mr S's complaint against Bank of Scotland Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 11 April 2016.

Donna Parsons
ombudsman