

## **complaint**

Miss M has complained that Bank of Scotland plc (trading as “Halifax”) mis-sold an Ultimate Reward packaged bank account to her in 2011. She pays a monthly fee for the account which offers a number of benefits.

Miss M has used a claims management company (CMC) to bring this complaint to us.

## **background**

One of our adjudicators has looked into Miss M’s complaint already. The adjudicator didn’t think that Halifax mis-sold the packaged account to Miss M. Miss M and the CMC didn’t accept this 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’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 me decide what to do about Miss M’s complaint. I agree with our adjudicator that Halifax didn’t mis-sell the packaged account to Miss M. So it doesn’t owe her any compensation. I’d like to explain why.

When Miss M and the CMC disagreed with our adjudicator and asked for an ombudsman to look into the complaint, they gave their main reasons as Miss M was told her previous account was no longer available. And she didn’t know how to use some of the benefits.

I’ve thought about these points and everything else carefully but I don’t think that our adjudicator was wrong because:

- Miss M upgraded to the Ultimate Reward account from a fee free one that she’d had for a number of years. She’s told us that she did this because she was told her previous account was no longer available. But I have to think about what she’s said in the context of everything else I’ve seen and everything else I’ve been told happened at the time. And having looked at Miss M’s account history, I can see that she had an overdrawn balance in the month prior to the upgrade. It looks like the upgrade took place around the time she would’ve been notified that she had to pay fees for having used her overdraft. This was because Halifax charged, and still continues to charge, a £1 overdraft usage fee if a customer is within their agreed overdraft limit as long as their overdrawn balance isn’t more than £2500. So while Miss M had a ‘fee’ free account, she did have to pay a fee if she wanted to use her overdraft, even though it was an agreed one. Ultimate Reward account holders didn’t have to pay the £1 a day usage fee as long as they stayed within the £300 fee free limit. As Miss M was notified of fees because she was overdrawn around the time she upgraded, I think it’s likely that Halifax may have told her that she might want to consider upgrading to avoid paying future overdraft usage fees. I accept that the salesperson may even have told Miss M that she couldn’t have a ‘free’ overdraft on her existing account. After all this was true and Miss M would have to pay the £1 a day usage fee whenever she used her overdraft. But I don’t think that the salesperson would’ve gone as far as saying that Miss M’s existing fee free account was no longer available. Of course, I can’t rule out the

possibility that Miss M herself reached this conclusion without being told this. But I've not seen enough here to say that the salesperson misled Miss M, or that it left her in a position where she didn't have a choice. Having thought about everything, I think that it's likely that Halifax gave Miss M a fair choice. And I think that she chose to upgrade because she was attracted to one or more of the benefits on the package.

- From what I've seen, I don't think that Halifax recommended the insurance benefits on the packaged account to Miss M. This means that it didn't have to check if they were suitable and it was up to Miss M to decide if they were right for her. But Halifax did have to give her clear enough information to do this. I think it's likely that Miss M was told about the main benefits. After all Halifax was trying to get her to pay for an account when she in all likelihood knew she didn't have to. And telling her what she'd get for the fee was probably the best way to do this. Miss M also says that her recollections from the sale are that she kept being told there were a large amount of benefits included. But I accept that she may not have been told everything about all of the significant features and exclusions on *all* of the benefits.
- It looks like Miss M was able to use some of the benefits. As explained, having the account meant that Miss M wouldn't pay the usual £1 a day overdraft usage fee as long as she kept within the £300 limit. Her statements show that she made use of this regularly and I think she most likely upgraded to make use of this. It also looks as though Miss M registered two handsets for the mobile phone insurance included on the account. The first of which was only a week after the upgrade. This suggests that the mobile phone insurance was also something that Miss M found useful. I accept that Miss M only received documentation confirming the phone that had been registered in 2014. But it looks as though this was the first time she requested this. And it wasn't usual practice for such documentation to be sent unless it was requested. I've seen what Miss M's said about already having this cover elsewhere. But her registration of two handsets suggests to me that she was relying on what the account included, rather than any cover she may have already had. And, in any event, it was up to her to cancel any cover she may have had elsewhere. I've also seen that Miss M registered cards and documents for the card protection policy too.

I also think that Miss M could've used the travel insurance as well. She was under the age limit and it looks as though she travelled. So I've seen no obvious reason why she couldn't have used the policy if she needed to make a claim. I know that Miss M's said that she bought travel insurance elsewhere. I don't know if she did, as I've not seen anything else to support this. But as I think it's likely Miss M was told the account included travel insurance (and what she's told us suggests she was told about the benefits), it was up to Miss M to decide whether she wanted to use it. And I can't hold Halifax responsible if she instead chose not to and buy cover elsewhere.

Miss M's also said that she didn't have a use for the breakdown cover included on the account until three years after she upgraded. But the benefits on packaged accounts come as an overall package. And it's not possible for a consumer to create their own package by picking and choosing the benefits they most want. Where a package includes benefits that a consumer might not want as much, or perhaps might not even need, the consumer has to decide whether the benefits they do want (or possibly need) are enough to justify paying the overall monthly fee. In this case, I think that Miss M, at the very least, wanted the fee free overdraft and the mobile phone insurance that came with the Ultimate Reward account. And I think that she

was prepared to pay the monthly fee for these benefits, even though she might not have wanted or needed the breakdown cover included in the package, at the time.

- Miss M may now, with the benefit of hindsight, think that she shouldn't have upgraded. And given what she might've read or heard about packaged accounts, I can understand why this might now lead her to believe that the account might have been mis-sold to her. But I think it's likely that Miss M chose to upgrade knowing what the account included. She's used the benefit that I think was the main reason she upgraded (the overdraft) and she's also benefitted from the reassurance and peace of mind having insurance cover in place provides. So although Miss M may now think that the account hasn't proved to be value for money this doesn't mean that it was mis-sold to her.

I want to reassure Miss M that I've looked at all the information provided about her complaint. And having done so, I don't think Halifax mis-sold the packaged account to her. So I don't think it owes her any money.

### **my final decision**

For the reasons I've explained, I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss M to accept or reject my decision before 7 October 2015.

Jeshen Narayanan  
**ombudsman**