

complaint

Mrs H complains that Barclays Bank Plc mis-sold Additions, First Additions and Additions Active packaged bank accounts to her. She is represented by a claims management company (CMC).

background

Mrs H upgraded her fee free account to the Additions packaged bank account in 2001. She downgraded to another type of packaged bank account called First Additions in 2005 and upgraded to Additions Active in 2009.

Two of our adjudicators have already looked into Mrs H's complaint and recommended that it shouldn't be upheld. The CMC didn't agree with this assessment and have asked for an ombudsman to consider the complaint afresh.

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 Mrs H's complaint.

I've carefully thought about everything I've seen on this complaint. Having done so, I don't think that Mrs A's complaint should be upheld. And I'd like to explain why.

Although I don't doubt Mrs H has provided her honest recollections I'm mindful that memories can and do fade over so long a period. Where there is a dispute about what happened (as there is here) I have to think about what Mrs H has said in the overall context of everything I've been told and what documentation remains to decide what I think *most likely* happened.

Mrs H held a free account before the first upgrade to the Additions account. So I think she would've most likely known that she didn't have to pay for an account if she didn't want to. But she says she didn't consent to this upgrade and that she was told it had happened automatically. She hasn't said much about the circumstances of the other upgrades, but it seems overall that she felt she had no choice about any of the upgrades.

Barclays has provided us with statements for Mrs H's account going back to 2001. I can see that before the first upgrade Mrs H was using an overdraft. And at that time Barclays charged customers a monthly overdraft usage fee if they used an overdraft for more than three days on a fee free account. And I can see that Mrs H was paying the £5 overdraft usage fee regularly before the upgrade. And that she was charged interest on the overdrawn balances. But consumers with an Additions account didn't need to pay the overdraft usage fee and they weren't charged any interest on the first £100 of their overdraft. The cost of the Additions account was £6 per month.

Mrs H has said that she wasn't told she would be charged for the account. But after the upgrade Mrs H paid the Additions account fee which was referred to as the "account fee" on her statements. Given the way Mrs H were using her account and her circumstances at that time, I think it's most likely she opted to upgrade because, for the additional £1 fee, she saved on overdraft interest. And the Additions account also offered a number of other benefits. These included purchase and card protection, extended warranties on domestic appliances and £10,000 accidental death benefit. I think that due to the passage of time, Mrs H has – not surprisingly – forgotten some of the details about what happened in 2001.

By 2005 the fee for the Additions account fee had increased to £9.50 per month. A number of new benefits had been added – such as car breakdown cover. While Mrs H was still using her overdraft at this time she has told us she didn't drive. And Barclays had recently launched its First Additions packaged account which offered the £100 interest free overdraft but the monthly cost was £5 per month as there were less insurance benefits than the Additions account now offered. So I think it's most likely that Mrs H opted for the cheaper account as she didn't have a need for the insurances but still wanted to benefit from the potential savings she could make when using her overdraft.

The Additions Active account provided enhanced benefits compared to the First Additions account. For example the Additions Active account provided worldwide travel insurance, more comprehensive car breakdown cover and mobile phone insurance. While I accept Mrs H might not have needed car breakdown cover, she has said she occasionally travelled and I can see from her statements that she was making payments for a mobile phone. So it's possible the travel insurance and mobile phone insurance may have been attractive. And the preferential overdraft benefit which came with the Additions Active account meant that the first £300 was interest free. I can see that Mrs H was using her overdraft a significant amount by this time – very often being more than £300 overdrawn. Taking all of this together I think that Mrs H is likely to have understood that she didn't have to upgrade but chose to do so because of the enhanced benefits the new account offered.

Overall, I think it's most likely that Barclays gave Mrs H a fair choice about upgrading to the packaged accounts.

I think it's likely that Barclays brought the packaged accounts to Mrs H's attention. But I haven't seen anything to suggest it provided a tailored recommendation based on her individual circumstances. The CMC has questioned the evidence provided by Barclays concerning the sales channel. But, like our adjudicator, I have seen the screenshots from where the information provided to the CMC was taken from. And I've no reason to doubt the accuracy of this information. Overall, I don't think Barclays recommended the packaged accounts to Mrs H. This means it didn't have to check that the benefits were suitable for her.

But Barclays still had to provide Mrs H with enough clear information so she could decide if she wanted the packaged accounts. I don't know what Barclays told Mrs H about the accounts when she upgraded. But I think it's likely that Barclays discussed the packaged accounts benefits with her as they would've made them appear more attractive. And it seems there wasn't anything about the benefits which meant Mrs H couldn't have relied on some - if not all, of the benefits if she'd decided to. And as I think the main attraction was the preferential overdraft on each account and she was able to go on and use this I don't think that better information would've made a difference to Mrs H's decision. Mrs H may not have needed or used all the benefits of the packaged accounts. But this doesn't mean they were mis-sold.

I want to reassure Mrs H that I have looked at all the information I have about her complaint. But having done so, I don't think Barclays mis-sold the packaged accounts to her. And so it doesn't need to refund the fees.

my final decision

For the reasons outlined above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 11 April 2016.

Sandra Greene
ombudsman