

## **complaint**

Mr L's current account was upgraded a number of times over the years. He complains that Lloyds Bank PLC ("Lloyds") mis-sold the packaged bank accounts. In particular he says that the benefits the accounts offered were not fit for purpose as they didn't offer him a high level of cover and he felt pressured into taking them out.

## **background**

Mr L held a fee free account with Lloyds from 1992 before he upgraded it to a fee paying Platinum account in May 2007 and a Premier account in June 2007. The account was then downgraded to a fee free classic account in December 2009 – at which point his joint account was upgraded to a Premier account. His sole account was upgraded once more to a Premier account in January 2010 (with his joint account being downgraded at the same time). He downgraded his sole account to a fee free account again in September 2010.

Our adjudicator recommended the complaint shouldn't be upheld. Mr L didn't agree with the adjudicator's opinion and asked for an ombudsman to determine the matter.

## **my findings**

I issued my provisional decision on 19 June 2015. I explained I had considered all the available evidence and arguments to decide what was fair and reasonable in the circumstances of this complaint.

Having done so, I was not minded to uphold Mr L's complaint for the reasons set out below:

- I noted what Mr L said about feeling pressured to take the accounts but I was satisfied that on each occasion he knew he could say no to the upgrades.
- It didn't seem likely to me that Lloyds made recommendations to Mr L about the accounts which were tailored to his particular circumstances. This meant that I didn't think Lloyds had a responsibility to ensure the benefits of the accounts were suitable for him. Lloyds did, however, have a duty to give Mr L enough clear and fair information to enable him to make an informed decision about the accounts.
- Mr L said the accounts were sold to him when he was called in branch by Lloyds for a financial review. The documents Lloyds provided me with confirmed that the sale of the 2010 Premier account took place in branch but I hadn't seen anything that confirmed how the May 2007 Platinum and June 2007 Premier accounts were sold. Given what Mr L said, it was quite possible that all three sales took place in branch. Whatever the case, I didn't have enough before me to know the extent of the information Mr L would've been given about these accounts each time he upgraded. So I accepted that he might not have been told everything he needed to know about them. But for the reasons I set out below, I thought he would've taken the accounts even if he had been told everything he needed to know.

### ***May 2007 Platinum account***

- From what Mr L said, Lloyds made him aware of the benefits this account offered such as travel insurance, mobile phone and breakdown cover. Mr L had car breakdown cover with another provider. His bank statements suggested he was paying about £10 per

month for this. When Mr L upgraded to the Platinum account the monthly fee was £15 per month but was offered to Mr L for £10 for the first month.

- Mr L told us he felt Lloyds used sales tactics to sell this account to him and that he felt pressured to take it out. Given what Mr L said it looked like Lloyds told him he could save money by taking the account because he would be able to enjoy several other benefits for £5 more than he was paying for his car breakdown cover. But I didn't think that Lloyds did anything wrong by pointing this out. And after taking the account Mr L said he cancelled his car breakdown cover with his existing provider. So I thought it was likely that he was attracted to this account for the benefits it offered for the cost and chose to take it.

### ***June 2007 Premier account***

- The Premier account offered a number of benefits which I thought were attractive to Mr L. The customer notes from the point of sale suggested Mr L took the account for the ID theft protection as well as the home emergency cover which was not available with the Platinum account. I could see that Mr L was already paying for home emergency cover with another provider and later tried to claim on the cover with the Premier account so I thought that this would've been a benefit that appealed to him. He also said that he recalled taking this account for the ID theft protection because he had made an online purchase which took around three weeks to arrive and caused him to think his identification had been stolen. So I thought it was likely that he was attracted to this account for the benefits it offered for the cost and chose to take it.
- Mr L said that some years later he discovered he wouldn't have been covered by the ID theft protection if he willingly input his personal details into the website he was complaining about, but I don't think this meant he wouldn't have taken the account. I said so because the ID theft protection offered by the account wasn't intended to ensure he was refunded for fraudulent activity on his account. Rather the benefits offered were in relation to the provision of credit score reports, alerts when a credit search had been carried out in Mr L's name, access to a 'victims of fraud' team, insurance to cover the cost of reinstating credit status and valuable document registration.
- Mr L said he was told he would get a high level of cover on the home emergency insurance, but didn't. He made a claim on the home emergency cover in December 2007. When he called to make a claim he was told he would need to provide evidence that his boiler had been serviced recently. Because Mr L could not provide this his claim was declined.
- Lloyds had a duty to draw Mr L's attention to the main terms and conditions of the cover, including any significant or unusual exclusions or restrictions. I understood why the condition relating to the boiler cover might've been important to Mr L, but I didn't think it was so significant or unusual that Lloyds should've specifically highlighted it. It did need to make this condition clear to Mr L in the policy documentation that was given to him when the account was sold however.
- I could see from the customer notes that Mr L was sent a mailing shortly after he took this account so I thought it was likely that he was sent a welcome pack in which the condition was set out. I could see from page 47 of the welcome pack that the condition appears under the heading General Conditions where it says "*We may not pay a claim if,*

*in our opinion the part of the house or the system, equipment or facility which has given rise to the emergency has not been maintained in a safe or serviceable condition”.*

- Mr L said he was specifically told by Lloyds that he would be “100% covered”. I didn’t know the detail of that discussion. So I had to make my decision based on what I thought was most likely to have happened. And taking everything into account, whilst I accepted he may have been given the wrong information, I didn’t think it was most likely that he was. Rather I thought he was sold the benefits of the home emergency cover and not told specifically about the condition I mentioned above. And for the reasons I have mentioned above, I didn’t think Lloyds had to do this.

### **January 2010 Premier account**

- Mr L said he wasn’t given any information about the benefits of this account when he took it and that he recalled upgrading to it to benefit from an increase in overdraft limit to stop him from being overdrawn.
- At the point of sale Mr L held a joint Premier account. The customer notes from the point of sale said that Mr L was unhappy because he’d received a letter from Lloyds confirming it was providing him with an overdraft facility on his joint account so that he could avoid incurring unauthorised overdraft fees. So when Mr L said he upgraded his sole account to the Premier account to benefit from an increase in overdraft limit, I didn’t think his recollections were correct. I said so because it seemed that the conversation was centred around Mr L being unhappy about having an overdraft on his joint account. This was supported by what he said about the reason for having the joint account. During a phone call with our adjudicator Mr L said he didn’t use this account and had only been added to it to cash a cheque that he and his partner held together. I found it plausible therefore that Mr L wouldn’t have wanted an overdraft facility on this account, which accords with the customer notes.
- It seemed most likely to me that Mr L decided to keep the Premier account on his sole account rather than on his joint account. I could see that it seemed to have been explained to Mr L that this meant his partner wouldn’t be covered for the travel insurance and car breakdown cover but he was still happy to proceed with an upgrade on his sole account only.
- For these reasons I thought that Mr L wanted this account and I hadn’t seen anything to suggest why he might not have taken it had he been told everything he needed to know about it. And given Mr L had held a Premier account in the past, I thought he had some awareness of the benefits it offered and was likely to have been attracted to it as a result.
- Mr L also said that he found it difficult to downgrade his accounts and that he felt bullied into keeping them. I considered this in line with his account history and could see that the reason Mr L downgraded his Premier account in December 2009 was so that he could upgrade the joint account he had just been added to, to a Premier account instead. Equally he downgraded the joint Premier account he held with his partner in January 2010 to a fee free account in favour of upgrading his sole account to a Premier instead. So I didn’t think I could uphold Mr L’s complaint about feeling pressured into keeping these accounts.
- Overall I didn’t think that Mr L was mis-sold either of the Premier accounts or the Platinum account. And whilst I accepted that he might not have been told everything he

needed to know about them I didn't think this would've changed his mind about taking them.

Since issuing my provisional decision Lloyds has confirmed it has no further submissions to make. Mr L has made the following points in response. He says:

- He feels my provisional decision suggests he actively went into branch to upgrade his account when this was not the case – he in fact went into the branch for a completely different purpose;
- Lloyds told him he would save money by having the packaged bank accounts but that didn't bear out;
- He felt bullied into taking out the account and in the end agreed to be able to leave;
- He did use some of the benefits of the accounts but they weren't as good Lloyds told him they would be;
- He thinks the Banks are likely to pay out if the refund due is below a particular amount.

I thought about what Mr L has said and respond as follows:

- In my provisional decision, I said that Mr L told us he was sold the accounts when he was called into branch by Lloyds for a financial review. I concluded that the sale of the 2010 Premier account took place in branch but I hadn't seen anything that confirmed how the May 2007 Platinum and June 2007 Premier accounts were sold. I accepted that it was quite possible that all three sales took place in branch. But I didn't make any findings about whether Mr L actively went into branch to purchase the packaged bank accounts. I accept they were probably offered to Mr L rather than him "chasing" them but either way I don't think this issue makes any material difference to my provisional decision.
- Based on what Mr L said, I acknowledged in my provisional decision that Lloyds may have told him he could save money by taking the Platinum account in May 2007. This was because he would be able to enjoy several other benefits for £5 more than he was paying for his car breakdown cover. After taking the account Mr L said he cancelled his car breakdown cover with his existing provider. So I think that Mr L could well have saved money by taking this account. I haven't seen any evidence to support what Mr L says about being told that **all** the accounts would save him money and there's not enough for me to conclude he was incorrectly told this at the time of any of the upgrades.

- As set out in my provisional decision, I don't think there is enough evidence to show that Mr L was pressured into taking the accounts.
- I appreciate that Mr L was disappointed with some of the benefits of the accounts, such as the ID theft protection and the home emergency cover. But for the reasons I have already mentioned, I think the accounts were still attractive to him and he did make use of some of the other benefits. Packaged bank accounts are rarely tailored to an individual's every need. And for the reasons previously set out, I don't think that Lloyds did anything wrong in terms of how the benefits were described.
- I can't comment on Lloyds' internal processes. I can only decide what is fair and reasonable in the circumstances of this complaint. For the reasons I have set out in my provisional decision and the additional reasons above, I don't think that Mr L was mis-sold these accounts and it follows that I don't uphold this complaint.

### **my final decision**

For the reasons set out above, I don't uphold Mr L's complaint against Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 1 September 2015.

Lâle Hussein-Doru  
**ombudsman**