

The complaint

Mr C has complained that Lloyds Bank PLC (“Lloyds”) mis-sold him fee-paying Select, Platinum and Premier packaged bank accounts. They were sold to him in August 1998, February 2006 and October 2009 respectively.

Mr C has given a number of reasons why he says that the accounts were mis-sold. These include that Lloyds should’ve told him and his wife to open a joint account and pay for the packaged accounts jointly, to save them each paying the monthly fees on their sole accounts. Mr C also says that the packaged accounts did not provide better rates on loans or give him better credibility lending wise.

What happened

One of our adjudicators assessed the complaint and they didn’t think that the accounts had been mis-sold.

Mr C disagreed so the matter was referred for an ombudsman’s decision.

As only Mr C has brought this complaint, I have only considered whether Mr C’s packaged accounts were mis-sold.

What I’ve decided – and why

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 our approach to complaints about packaged accounts on our website and I’ve used that to help me decide this complaint. And having considered everything, overall, I don’t think that the packaged accounts were mis-sold.

From the outset, looking through Mr C’s testimony, it does not appear to be in doubt that Mr C was aware the packaged accounts were optional and that he was not obliged to agree to the packaged accounts if he didn’t want them. So it does appear that Mr C was given a fair choice when he was sold the accounts.

The packaged accounts were recommended to Mr C. This means that Lloyds had to check that the features of the accounts were a reasonable fit for his circumstances.

When the Select account was sold to Mr C it cost £3 per month and provided a number of benefits such as card payment protection and accidental death cover. It also included a £50 interest free overdraft facility.

Looking at the earliest available statements, I can see that Mr C’s account occasionally went overdrawn. So it seems that the overdraft feature may’ve been of use to him. I also note that by having the Select account, Mr C avoided a £5 monthly overdraft usage charge that was applicable on fee-free accounts, providing he stayed within the fee-free limit of the account. So it seems that Mr C would’ve been able to reduce the cost of using the overdraft on his account by agreeing to the account.

So from what I can see, Lloyds’ recommendation that he upgrade to the Select account seemed to have been a reasonable recommendation for his circumstances.

When the Platinum account was sold to Mr C it cost £15 per month and provided benefits such as worldwide travel insurance, breakdown cover and mobile phone insurance. It also included banking benefits such as a £250 interest free overdraft facility with lower rates of interest overdrawn balances above that amount (up to the agreed limit).

According to the notes from the time, the account was recommended largely on the basis of better breakdown cover and because it came with travel cover. And from what I can see of Mr C's circumstances, it seems that he was potentially able to benefit from having such cover, so the recommendation seems reasonable in the circumstances.

Finally, when the Premier account was sold it cost £25 per month and provided benefits such as enhanced levels of worldwide travel insurance, enhanced levels of breakdown cover, mobile phone insurance, card protection insurance, identity theft insurance and home emergency cover. It also included benefits such as a £500 interest free overdraft facility with lower rates of interest on overdrawn balances above this amount (up to the agreed limit) and access to other products such as a saving account with a better rate of interest, airport lounge access etc.

Notes from the time suggest that the account was recommended so that Mr C could take advantage of the home emergency cover and identity theft protection. And I can see that Mr C had a £500 arranged overdraft on the account, and his account was regularly overdrawn each month. So it seems that the overdraft benefits may've been of use to him too.

So taking everything into account, I can't say that Lloyds' recommendation was unreasonable, and it does seem that Mr C would've been able to benefit from some of the features of the account. I do appreciate that he may not have needed all of the benefits on the accounts, but that doesn't necessarily mean it was mis-sold. This is because it was sold as a package so he therefore could not pick and choose what it came with.

As well as making sure that the accounts were a reasonable fit for Mr C, Lloyds also had to provide Mr C with important information about the accounts - so that he understood what he was agreeing to. From everything I have seen, it does appear as though Mr C had a decent appreciation of what he was agreeing to; what the accounts included; and how much they cost. And although it's possible that Lloyds might not have given Mr C all of the information about the accounts and the associated benefits, I've not seen anything that makes me think Mr C would've been put off from agreeing to them, had he been given more information about the packaged accounts.

Finally, I note that Mr C says that the accounts were mis-sold because he says that rather than sell the packaged accounts to him and his wife on their sole accounts, Lloyds should've recommended that they open a joint account and take out the packaged account on that instead.

However, it was up to Mr C and his wife, not Lloyds, to decide how they wanted to arrange their finances and whether they wanted to have sole accounts or joint accounts. Had it been the case that they did have a joint current account at the time of the sales, or had they asked Lloyds about whether opening a joint packaged account would've been a good idea during the sales, then I think it's reasonable to have expected Lloyds to have explained what their options were and discussed whether having a joint packaged account instead would've been more suitable for their circumstances. But as far as I can see from what has been provided, Mr C and his wife never asked Lloyds about opening a joint current account during the sale of the accounts, nor did they ever hold a joint current account.

Furthermore, it was the case that Mr C agreed to the packaged accounts, apparently in the knowledge of what packaged accounts his wife held. As such, if Mr C was unhappy with the cost effectiveness of having the packaged of benefits on his sole account, I would've expected Mr C to have raised this with Lloyds at the time or not agreed to the upgrade. But again, there is no evidence to suggest that he did. So I think Mr C was able to make an informed choice about upgrading his accounts – bearing in mind what I've said above that he

agreed to the accounts in the knowledge that they were optional; and also that he could've downgraded his account at any time, if he felt it was no longer providing value for money.

And so it is the case that I can't reasonably hold Lloyds responsible essentially because Mr C, with the benefit of hindsight, now believes that upgrading his sole account was perhaps not the most cost effective way of obtaining the packaged account benefits.

As a final point, I note that Mr C has said that a product such as home emergency cover could not be used by him and his wife to claim for the same issue. However, whilst it may be the case that some of the benefits did provide duplicate cover, there were also benefits that weren't duplicated. For example, the ID protection only covered the account holder, and of course the banking benefits that came with the account (such as the overdraft benefits) were only applicable to the packaged account in question. But as already outlined above, just because some of the benefits may have been duplicated or perhaps not needed, does not mean that the packaged account as a whole was mis-sold.

As such, taking everything into account, I'm unable to say that Lloyd's mis-sold the packaged accounts to Mr C.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 August 2023.

Thomas White
Ombudsman