

The complaint

Mr C has complained that Barclays Bank UK Plc (“Barclays”) mis-sold him a fee-paying First Additions account in May 2008. The account was later downgraded to a fee-free account and a fee-paying Tech Pack was added to the account in December 2015.

Mr C says that the account was mis-sold because he was told that he’d need to change his account and was told that fee-free accounts were no longer available. Mr C says he was led to believe he needed a fee-paying account to continue using his overdraft.

What happened

After Mr C raised his complaint with Barclays, Barclays issued its final response letter on 1 December 2022 and didn’t uphold Mr C’s complaint.

Mr C referred his complaint to this service. One of our investigators assessed the complaint and they didn’t think that the packaged account had been mis-sold.

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

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, and I’ve used that to help me decide this complaint. I think it may also help to explain that where matters are in dispute and evidence is lacking, as is the case here, I need to decide what I think most likely happened, based on everything that *is* available.

Mr C says that he was told that fee-free accounts were no longer available. He also says that he was told that if he wanted to continue using his overdraft, he would need to upgrade his account. Unfortunately, due to how long ago the sale took place, Barclays has only been able to provide limited evidence. This means that I have had to weigh up Mr C’s recollections of events from 2008 alongside all of the other evidence that is available.

I understand that in 2008 the First Additions account cost £6.50 and one of the benefits it provided was a £100 interest free overdraft facility, with lower rates of interest (compared to a standard fee-free account) on overdrawn balances, up to the agreed limit.

Barclays has provided Mr C’s bank statements from 2008. Having looked through these I can see that Mr C heavily relied on the overdraft on his account at the time. Indeed, in the months after Mr C upgraded his account, his account was nearly always overdrawn by more than £1,000. So I think reducing the cost of using his overdraft would’ve been important to Mr C at the time.

When weighing up what I think was most likely to have happened, I think it’s likely that Barclays would’ve told Mr C about the benefits of the First Additions account – especially the overdraft benefits that it came with. And given Mr C’s circumstances at the time, I think it’s much more likely that he agreed to it because he was attracted to, and able to benefit from, the features of the account – rather than it being the case that he was led to believe he had no choice in the matter. I say this because, given the extent that Mr C used his overdraft at

the time, it seems likely that the monthly savings he'd receive by having the First Additions account i.e. lower overdraft interest, would've been greater than the monthly cost of the account.

Mr C has said that he didn't need the insurance benefits that were included with the account. But the evidence suggests he likely agreed to it largely for the banking benefits that it provided. And as it was sold as a package, Mr C was unable to pick and choose what it came with.

So when taking everything into account, I don't think the First Additions account was mis-sold.

Mr C has also asked that the Tech Pack fees be refunded to him as well. But I can't see why they should be.

To explain, the Tech Pack was not actually sold to Mr C. Instead, Barclays has explained that it had decided to withdraw Mr C's existing First Additions packaged account and so wrote to all account holders to explain that their accounts would be changed to a fee-free account.

However, to ensure existing account holders were able to continue to receive some similar levels of insurance cover i.e. mobile phone insurance, Barclays added a Tech Pack to the affected accounts. Barclays gave all account holders the option to opt out of adding the Tech Pack to their account, should they no longer want or need such insurance cover.

Barclays was able to make such a change, essentially because it was largely replacing the existing insurance policy (mobile phone insurance) that Mr C was already paying for under the First Additions account. However, when making such a change, Barclays was required to clearly explain what changes were taking place and to also give all of the affected account holders enough notice of the changes, so that they could consider their options.

Barclays has provided a copy of the migration letter it says it sent to Mr C. The letter was dated 28 September 2015. This explained that Mr C's account would be changed to a fee-free account with a Tech Pack added on 15 December 2015. It also explained the cost of the Tech Pack would be £9.50 per month - which was an increase from £6.50 per month that he'd previously been paying for the First Additions account. It also explained that, if Mr C chose to opt out of adding the Tech Pack to his account, his overdraft limit would remain unchanged - but no part of it would be free to use.

Having looked at the letter that was sent to Mr C, I think Barclays made it reasonably clear what changes were occurring on Mr C's account. I also think that Barclays made it clear that the Tech Pack was optional, and that Mr C could opt out of having it on his account, if he didn't need such cover.

The letter looks to have been correctly addressed. So, I think it was more likely than not received by Mr C - although given how long ago it was sent, I can understand if Mr C now does not recall receiving it.

I understand a follow up letter would've been sent to Mr C to confirm the changes on the account, although Barclays hasn't provided a copy of that letter on this occasion. But I can see that Barclays did send Mr C annual eligibility statements after the migration. These reminded Mr C of the Tech Pack benefits and invited him to get in contact if it didn't meet his needs.

Overall, I'm satisfied that Barclays did what it needed to do to inform Mr C of the changes that were made to his account and that he was given a reasonable amount of time to consider his options.

As such, in the circumstances, I'm unable to say that Barclays should refund the First Additions account fees, or the Tech Pack fees.

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 17 October 2023.

Thomas White
Ombudsman