

The complaint

Miss K has complained that Lloyds Bank PLC (“Lloyds”) mis-sold her a fee-paying Gold account, which looks to have been sold to her around 1998.

Miss K has given a number of reasons why she says the account was mis-sold, these include that she was told the account was a privilege to have, it included a number of benefits which she qualified for that were not available on a standard fee-free account. Miss K says she was told it would be beneficial for her and that she would benefit from a Gold card, an increased overdraft and other benefits.

What happened

Our adjudicator assessed the complaint, and they didn’t think that the account had been mis-sold.

Miss K disagreed with the adjudicator’s assessment, so the complaint was referred for an ombudsman’s assessment.

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.

I think it may also help to explain that where matters are in dispute and evidence is missing, as is the case here, I need to decide what I think most likely happened, based on everything that is available. And having considered everything, I don’t think the account was mis-sold. I will explain why.

Miss K says that she was told that upgrading to a fee-paying Gold account was her only way of obtaining an increased overdraft.

Unfortunately, I have no information about Miss K’s account prior to the sale of the Gold account. For example, it’s not clear if there was an arranged overdraft facility in place, or if it had been changed in the years prior to the sale of the Gold account. But Miss K has helpfully been able to provide statements from 1998, and it appears that the Gold account was sold to Miss K around that time.

I know that at that time, the account provided a £100 interest free facility, with preferential rates of interest on overdrawn balances above this amount (up to the agreed limit). Also, by having the account – which cost £8 per month at the time - Miss K would avoid paying a £5 monthly overdraft usage fee (which was applicable on fee-free accounts).

It's clear from the available bank statements that Miss K was regularly operating her account overdrawn. As Miss K used her overdraft most months, this essentially meant that Miss K was able to have all the benefits of the Gold account (which included lower overdraft interest), but for only £3 more per month than what she would've had to pay in monthly overdraft usage fees on a standard fee-free account.

I'm also mindful that if Miss K had explained during the sale that she wanted to increase her overdraft limit in the future. In the circumstances, I think it's likely that Miss K was sold the account *because of the overdraft benefits it included*, rather than it being the case that it was presented as being her only option. I say this because the larger the arranged overdraft, the more likely it is that the overdraft savings would outweigh the £3 extra per month she was having to pay for the account (compared to if she'd continued with a standard fee-free account).

I would also point out that apart from Mrs K testimony, there is no other evidence to suggest that it was presented as being her *only option* in this case. It is also the case when considering Miss K's testimony, that I can't ignore the fact that her recollections relate to a conversation she had with her bank around 25 years ago. And recollections can change and fade over time.

In addition to the banking benefits, from around 1998, I know that one of the key insurance benefits included with the account was worldwide travel insurance. I can see that there is evidence of travel on Miss K's bank statement. So I can't rule out the possibility that this may've been another benefit of the account that Miss K would've possibly been able to use as well.

So when deciding what I think is most likely the case, with the evidence that I have been provided, I think it's more likely Miss K agreed to the account because she was attracted to the benefits it provided, rather than because she thought she had no choice in the matter.

I say this bearing in mind that Miss K downgraded her account back to a fee-free account in 2000 - yet was able to keep the increased overdraft limit of £1,300. But if Miss K had been misled into thinking that she had to upgrade to a Gold account to get an increased overdraft limit in 1998, I question why she didn't raise this with Lloyds at the time that she downgraded.

So taking everything into account, on balance, I'm unable to conclude that the Gold account was mis-sold.

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 Miss K to accept or reject my decision before 6 October 2023.

Thomas White
Ombudsman