

## **The complaint**

Mr and Mrs B have complained that Lloyds Bank PLC (“Lloyds”) started charging them for their fee-paying packaged account in 2021.

Mr and Mrs B say that when they were originally sold the account in 1985, they were told that if they kept at least £2,000 in their account, they won’t be charged the monthly packaged account fee. This feature of the account is called a fee-waiver.

Mr and Mrs B have also said the account was mis-sold.

## **What happened**

Lloyds issued two final response letters and concluded that the Gold account was not mis-sold. It also said that it had correctly informed Mr and Mrs B that the fee-waiver was being removed from their fee-paying Gold account - which meant that Mr and Mrs B would have to pay a monthly fee if they wanted to keep the Gold account.

Unhappy with Lloyds’ response, Mr and Mrs B referred their complaint to this service.

One of our adjudicators assessed the complaint. They didn’t think that what Lloyds had done was unfair or unreasonable. They didn’t think the account was mis-sold either.

Mr and Mrs B disagreed with the adjudicator’s assessment, 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 on our website, and I’ve used that to help me decide this complaint. And having considered everything, I don’t uphold this complaint.

### *Mis-sale complaint*

I understand that when Mr and Mrs B originally complained, they did so through a representative, and the complaint was presented to Lloyds that the Gold account had been mis-sold.

However, I’ve not seen anything in the complaint that makes me think it was mis-sold.

Mr and Mrs B say they agreed to the account so they could benefit from the features that it came with, and providing they kept a certain amount in the account each month, they didn’t have to pay the monthly Gold account fee.

So from everything that I have seen, it seems that Mr and Mrs B received the package of benefits that they were told they’d get. I can see that Mr and Mrs B have made extensive use of the benefits over the years. And it is correct that when the account was sold, the Gold account included a fee-waiver – a feature of the account that Mr and Mrs B have clearly been able to benefit from for a very long time.

Mr and Mrs B say that it was difficult to keep £2,000 in the account to avoid the monthly fee. But that wouldn’t mean the account was mis-sold or that Lloyds has done anything wrong. It

was up to Mr and Mrs B to decide whether they wanted to keep enough money in the account to avoid paying the monthly fee or not. So, I can't reasonably say that Lloyds should be held responsible because Mr and Mrs B chose to forego earning interest and instead used that money to avoid paying the monthly Gold account fee.

Of course, if they were unable or didn't want to keep money in their Gold account to avoid the monthly fee, then they could've chosen to pay the monthly fee in the months that they couldn't meet the fee-waiver requirement. Alternatively, Mr and Mrs B were free to change their account to a fee-free account at any point, if they didn't want to pay for the Gold account or if they no longer needed the benefits.

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

#### *Removal of the fee-waiver*

Lloyds says it took the decision to remove the fee-waiver from *all* Gold accounts that were still open in 2021 – so the changes made to the account affected all Gold account holders, not just Mr and Mrs B.

I understand that Mr and Mrs B are unhappy with this change, as they have been able to enjoy all of the benefits of the Gold account for many years, without having to pay for them. Mr and Mrs B say that the removal of the fee-waiver was a breach of contract. But the removal of the fee-waiver feature is something that Lloyds was entitled to do. I say this because, as far as I can see, the account terms and conditions contain a variation clause – that essentially allows Lloyds to change the cost or benefits of the account, provided sufficient notice is given.

It may help to explain that variation clauses are standard terms for package accounts. This is because packaged accounts usually operate on a monthly rolling basis - rather than for a set period of time. So including a variation clause in the account terms and conditions allows the bank to make changes to the account, without having to get the consent of every account holder each and every time the bank needs to change the features of the account.

It is essentially up to Lloyds to decide what products and services it provides and also which ones to discontinue too. Indeed, Lloyds added, changed and removed various features of the account (as well as increased the cost of the account) a number of times in the years that Mr and Mrs B held the account. This includes changing the amount that Mr and Mrs B needed to keep in the account to avoid paying the monthly fee.

However, when making such changes to the account, Lloyds was required to provide Mr and Mrs B with reasonable notice, so that they could consider their options before Lloyds started charging them the monthly account fee. In this case, Mr and Mrs B say they received a letter from Lloyds in 2021, informing them of the fee-waiver removal. So it seems that Lloyds did give Mr and Mrs B notice before the fee-waiver was removed.

So taking everything into account, I'm unable to say that Lloyds has acted unfairly or unreasonably because it chose to remove the fee-waiver feature on Mr and Mrs B's Gold account.

#### **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 Mrs B and Mr B to accept or reject my decision before 19 October 2023.

Thomas White

**Ombudsman**