

The complaint

Mr and Mrs H have complained that Lloyds Bank PLC (“Lloyds”) mis-sold them fee-paying Gold, Platinum and Premier packaged accounts.

Mr and Mrs H say that they were all mis-sold because they say they were led to believe they needed them to have the overdraft facility on their account.

Account history

- Fee-free account opened 7 January 1993
- Upgraded to a fee-paying Gold account at some point prior to September 2001
- Upgraded to a fee-paying Platinum account on 8 June 2006
- Upgraded to a fee-paying Premier account on 21 February 2008

What happened

Lloyds initially said that Mr and Mrs H have complained too late for our service to be able to consider their complaint. One of our adjudicators assessed the complaint and they concluded that we are able to consider the complaint concerning the sale of the Platinum and Premier accounts, but we are not able to look at the sale of the Gold account. Both parties agreed with this, so the adjudicator then went on to consider the merits of the complaint.

Overall, the adjudicator didn’t think that the Platinum and Premier accounts had been mis-sold.

Mr and Mrs H disagreed with this, so the matter was referred for an ombudsman’s decision.

As Mrs H was only added to the account after the sales, I will largely only refer to Mr H throughout this 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’m unable to conclude that the Platinum or Premier accounts were mis-sold.

I’ve started by considering whether Mr H was given a fair choice.

Mr H says that the accounts were mis-sold as he says he was led to believe that he needed them to have the overdraft facility on his account.

In terms of the sale of the Platinum account, I can see from the evidence provided that, prior to the sale (when the account was a Gold account) Mr H already had an agreed overdraft limit of £300. And when he upgraded his account to a Platinum account, the overdraft limit stayed at £300.

Therefore, there was no change to the overdraft limit around the time of the sale. And given that Mr H upgraded the account himself online without any input from Lloyds, I find it unlikely to be the case that Mr H had upgraded because, as he says, Lloyds had led him to believe he needed to upgrade to have his overdraft. Indeed, if it was the case that Mr H thought he needed to have a fee-paying packaged account to have an overdraft (but didn't actually want one), then I would've expected him to have stuck with the cheapest option i.e. the Gold account, rather than agree to an even more expensive account.

In terms of the Premier account, Mr H's overdraft limit did increase from £300 to £500. I have carefully considered what Mr H has said and compared this with all of the evidence that is available, but I'm still not persuaded that Mr H agreed to the Premier account because he thought he had no choice in the matter.

The reason why I say that is because when the Premier account was sold to Mr H, one of the key features of the account was that it provided a £500 interest free overdraft facility (the Platinum account by comparison only provided a £250 interest free overdraft at the time). The Premier account also included lower rates of interest (compared to the Platinum account) on balances over the interest free element – up to the agreed limit.

When Mr H upgraded his account from Platinum to Premier, he also increased his overdraft limit to £500 – which matches the interest free overdraft feature provided by the Premier account. His actions at the time makes me think it's more likely that Mr H agreed to upgrade because of the features of the account, rather than because he thought he had no choice in the matter.

So when taking all the factors into account, on balance, I think that Mr H was given a fair choice in whether to upgrade his account, and I think he upgraded (at least in part) to take advantage of the overdraft benefits of the packaged accounts.

I have considered whether the accounts were sold on an advised or non-advised basis. As the evidence indicates that Mr H upgraded his Gold account to a Platinum account online, I think that upgrade occurred on a non-advised basis. But it seems both parties agree the Premier upgrade occurred on an advised basis.

This distinction is important, because if a packaged account is sold on an advised basis, this means the business needs to check if it is a reasonable fit for the account holder's circumstances at the time. Whereas if it is sold on a non-advised basis, this means it is up to the account holder to determine this for themselves.

In February 2008, the Premier account cost £25 per month and provided benefits such as family worldwide travel insurance, enhanced levels of breakdown cover, mobile phone insurance, identity theft cover and home emergency cover. It also included benefits such as a £500 interest free overdraft facility – with preferential interest rates on overdrawn balances above that amount (up to the agreed limit). It also provided other benefits such as access to better interest rates on savings accounts, airport lounge access and use of Lloyds' Premier banking services.

From what I understand of Mr H's circumstances he was able to make use of the overdraft benefit and looks to have had a need for breakdown cover (including enhanced features such as Home Start) and mobile phone insurance. So taking everything into account, and given that I think Mr H was aware he didn't have to have the Premier account if he didn't want it, overall I think the recommendation was not unreasonable.

In the year after agreeing to the upgrade, I can see that Lloyds contacted Mr H to see if he was happy with his account or if he wanted to review his options. The note says that Mr H confirmed he was happy with his account and didn't want a review. In my view, this indicates that Mr H was comfortable having the Premier account (even though he knew that cheaper

options were available to him). I should also point out that as the packaged accounts came as a package, Mr H was unable to pick and choose what they came with.

As well as making sure the Premier account was a reasonable fit for Mr H's circumstances, Lloyds also had to provide Mr H with the important information about both of the accounts, so that he could ensure they were right for him.

It seems that Mr H was made aware of what the monthly fee for the accounts were. And looking at the features that Mr H has used, I think he was likely given some information about the benefits included with the accounts and how to go about using them. So overall, I think that Mr H agreed to the accounts with a good appreciation of what the account cost; what benefits it came with; and that ultimately, if he didn't want them, other accounts were available.

I can't be sure if Lloyds gave Mr H all of the important information about the account during the sale. But that said, I've not seen anything that makes me think that he would've been put off from agreeing to the accounts, had he been given even more information about them.

I appreciate that with the benefit of hindsight, and perhaps with changes to Mr H's circumstances over time, Mr H may now feel that the accounts have been poor value for money, and he now regrets agreeing to them. But that doesn't mean that Lloyds was acting incorrectly or unfairly by selling the Platinum and Premier accounts to him when it did.

Therefore, based on everything I've seen, I'm unable to conclude that the Platinum or Premier accounts were 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 Mrs H and Mr H to accept or reject my decision before 7 November 2023.

Thomas White
Ombudsman