

## **The complaint**

Mr L has complained that Barclays Bank UK PLC (“Barclays”) mis-sold him a fee-paying Additions account, which was sold to him in January 2001.

Mr L says that the Additions account was an evolution of his student account. Mr L says that he was told that he needed to pay the monthly fee if he wanted to keep his student overdraft and to avoid fees.

Mr L says that over the years, he mentioned in branch that he didn’t need the benefits on the account and says he was told that unless he repaid his overdraft, he would need to keep his account.

## **Account history**

- Opened as a fee-free account
- Changed to a Student and Graduate account 1997
- Changed back to a fee-free current account June 2000
- Upgraded to a fee-paying Additions account January 2001
- \*Migrated to a fee-free account with a Tech Pack added January 2017
- Tech Pack removed September 2019

\* Barclays withdrew the Additions account and migrated all Additions accounts over to being a standard fee-free current account, but with a Tech Pack added. Account holders were given the choice to opt out of adding the Tech Pack, if they didn't need the cover it provided. This change to the account is essentially treated as being a continuation of the previous packaged account.

## **What happened**

Barclays said that Mr L had complained too late. I issued a decision to explain that Mr L had complained within the relevant time limits that apply when using this service, and so his complaint was one that our service is able to look into.

One of our investigators then assessed the complaint and they concluded that the Additions account had not been mis-sold. Mr L disagreed with the investigator, 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’m unable to conclude that the Additions account was mis-sold. I will explain why.

When Mr L raised his complaint with Barclays, I can see that he said that he was led to believe that having the Additions account was an evolution of his account as he was no longer able to have the Student and Graduate account. So his account was essentially automatically changed to being an Additions account, so that he could retain his overdraft.

However, Mr L's recollections of events don't correlate with the account history that Barclays has provided.

Based on the evidence that Barclays has provided, once Mr L's Student and Graduate account came to an end, his account was not changed to fee-paying packaged account as Mr L recalls. It was in fact changed to being a standard fee-free account.

At the time Mr L's account was changed to a standard fee-free current account, it was still heavily overdrawn and Mr L was being charged a fair amount in overdraft interest and charges each month. For example, in the month before Mr L's account was upgraded to being an Additions account, Mr L was charged £26.48 in overdraft interest, plus a £5 monthly overdraft usage fee on 27 December 2000.

The fact that Mr L was charged an overdraft fee (rather than an unarranged overdraft fee) indicates that Mr L had an overdraft on his account at the time – although it seems he may've at times exceeded that limit as he was occasionally charged an unarranged overdraft fee when he did. Therefore, I'm satisfied that Mr L should really have been aware in 2000 that he didn't have to have a fee-paying account to retain his overdraft facility on his account.

In January 2001, the Additions account cost £6 per month and one of the main features it included was a £100 interest free overdraft facility. Also, importantly, by having the Additions packaged account, Mr L was not charged the £5 monthly overdraft fee that he was charged when his account was a fee-free current account. At the time the account only included a limited amount of other benefits such as purchase protection and cardholder protection.

By agreeing to the Additions account, because of the overdraft interest rates at the time (which I believe to have been 18.8% EAR), it essentially worked out slightly cheaper for someone to have the Additions account than a fee-free account, when they were regularly using an overdraft each month. And looking at the account ledgers that Barclays has provided, I can see that Mr L was regularly using his overdraft around the time he upgraded to the Additions account.

So, in the circumstances, although there is little evidence available from the time, I think the overdraft saving was likely explained to Mr L – being the main benefit of the account at the time. And given Mr L's circumstances at the time, I think it was likely the reason why Mr L agreed to the Additions account – rather than because he thought he had no choice but to agree to the upgrade to retain his overdraft limit. And as the account was sold as a package, Mr L couldn't pick and choose what it came with. So even if Barclays had given Mr L more information about the account and the other benefits, I don't think he would've been put off from upgrading to it, given his circumstances at the time.

Finally, I note that Mr L says that he mentioned not needing the Additions account to branch staff and he says he was told that he had to pay off his overdraft if he wanted to change his account. Unfortunately, other than Mr L's testimony, I've not seen any other evidence to show (or even indicate) that Mr L was actually told this. However, if Mr L was asking about closing his account, then that is correct, he would need to clear his overdraft before he could close the account. Alternatively, I can't rule out the possibility that Mr L did discuss downgrading but was talked out of downgrading once it was pointed out what overdraft benefits he would lose.

As such, when deciding what's most likely to have happened, I can't conclude that Barclays incorrectly told Mr L that he couldn't downgrade his account to a fee-free account without first paying off his overdraft.

So taking everything into account, I'm unable to conclude, albeit on balance, that the Additions account was mis-sold. Nor am I able to conclude that Barclays has acted unfairly or unreasonably in this matter.

**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 L to accept or reject my decision before 4 December 2023.

Thomas White  
**Ombudsman**