

complaint

Mrs B complains about three packaged bank accounts sold to her by Barclays Bank Plc in 2002, 2007 and 2012.

background

In 2002 Mrs B upgraded to a packaged account called "Additions" before upgrading again in 2007 to a more expensive packaged account called "Additions Plus". In 2012 Mrs B changed from the Additions Plus to a free account that came with a "Home Pack". The Home Pack was not an account itself but was a package of benefits, relating to the home that could be added to an account. The Additions Account, the Additions Plus Account and the Home Pack all came with a range of benefits and charged a monthly fee. In 2002 the Additions account cost £7.50, in 2007 the Additions Plus cost £14.50 and in 2012 the Home Pack cost £6.

Mrs B complains that she didn't get enough information about the accounts and that her needs were not evaluated by Barclays.

Our adjudicator considered Mrs B's complaint and recommended that we partly uphold it. She thought the Additions Plus Account and the Home Pack had been mis-sold. Barclays didn't challenge the view that the Additions Plus Account had been mis-sold but they disagreed that something had gone wrong when Mrs B was sold the Home Pack.

In April 2015 I issued a provisional decision. The following are excerpts from my provisional decision which form part of this final decision:

"I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The Additions Account

The first account that Mrs B upgraded to was the Additions. There's nothing to suggest it was recommended, but Barclays did have a responsibility to give Mrs B enough information about it to enable her to know if it was right for her. Barclays say that Mrs B would have been sent a welcome pack but as she would have got this after the upgrade; it wouldn't have helped her decide if the account was right for her. So it's possible that Mrs B didn't get all the information she needed at the time she was deciding to upgrade. However, I haven't seen anything to indicate that there was information Mrs B should have been given that would have put her off upgrading. She has told us that she was attracted to the overdraft that came with the account (which she used) and that she was interested in the breakdown cover. Overall I don't think this account was mis-sold.

The Additions Plus Account

The next account Mrs B upgraded to was the Additions Plus in 2007. At the time of the upgrade, the account cost £14.50 a month and so was nearly twice as much as the Additions Account. Although it cost more, it came with more benefits such as mobile phone and travel insurance. There isn't evidence to suggest that the account was recommended but Barclays still had a responsibility to give Mrs B enough information to enable her to know if it was right for her. Mrs B has mentioned being told about the overdraft that came with the account. But apart from this, it's unclear what other information she may have got. So it's again possible that Mrs B didn't get the information she needed.

In the circumstances of this sale I do think better information would have made a difference. It seems to me that had Mrs B had got all the information she needed about the Additions Plus account she wouldn't have thought it worthwhile upgrading. I say this because Mrs B has told us that she upgraded to the Additions Plus account for the overdraft. As this was the only benefit of the account there is evidence she used, it does look like she upgraded for this reason. I've checked the information available about the Additions Plus Account in 2007 and it shows that the overdraft discounts that came with it were the same as the overdraft discounts that came with the cheaper Additions Account. Had Mrs B understood this, through being given enough information, I don't think she would have upgraded. As a result I uphold her complaint about the sale of the Additions Plus Account.

The Home Pack

In 2012 Mrs B changed from the Additions Plus account to a free account that came with a Home Pack. At the time, the Home Pack cost £6. It included Satellite Insurance, TV insurance, extended warranty and an interest free overdraft of up to £200 amongst other things.

Barclays have given me a document called "Establishing Needs" which was used during the sale of the Home Pack. It records that Mrs B was taken through a series of questions about the Home Pack. There is also a section in the document called "recommendation" which includes the following statement: "based on our discussion today Mrs B and the information you have provided me I would recommend the Barclays Bank Account with the Home Pack". The questions, teamed with the statement saying that the Home Pack was recommended, indicates to me that the sale was advised. This means Barclays were required to take reasonable steps to ensure that the account was suitable for Mrs B. From the information available it does seem the Home Pack was suitable for Mrs B. It came with a number of benefits that Mrs B has told us she wanted (TV and Satellite insurance); there isn't anything I've seen that would have limited her use of the other benefits and based on what I know of Mrs B's circumstances at the time, the account doesn't seem to have been unaffordable to her.

I've noted that Mrs B says that when she upgraded to the Home Pack she didn't know she could have a free account. But as Mrs B had a free account with Barclays before, I think she would have known she could have a free account when she changed to the Home Pack.

Mrs B has also said that she was told that the Home Pack came with a bigger overdraft than the Additions Plus. But I am not persuaded she was told this, especially bearing in mind the Home Pack was cheaper than the Additions Accounts and because the Establishing Needs document states "the fee –free overdraft on your account will decrease from £250 to £200". Overall, I don't think the Home Pack was mis-sold to Mrs B."

response to my provisional decision

Mrs B and Barclays didn't provide any more information.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I think the fair and reasonable outcome of this complaint remains as outlined in my provisional decision.

what Barclays should do to put things right

Barclays should put Mrs B back in the position she would have been in if she hadn't upgraded her Additions Account to an Additions Plus account. So they should:

- Refund Mrs B the difference in the fees between the Additions Account and the Additions Plus Account for the period she paid fees for the Additions Plus Account.
- Add interest at 8% per year simple on the refunded account fees. This should be calculated from the date Mrs B paid the fees up until the date she gets the refund[†].

[†]HM Revenue & Customs require Barclays to take off tax from this interest. Barclays must give Mrs B a certificate showing how much tax it's taken off if she asks for one.

my final decision

I uphold Mrs B's complaint about the sale of the Additions Plus Account and require Barclays Bank Plc to pay her compensation as outlined. I don't uphold her complaint about the sale of the Additions Account or the Home Pack.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs B to accept or reject my decision before 9 July 2015.

Tope Adeyemi
ombudsman