

complaint

Mr C complains that Barclays Bank Plc mis-sold him two packaged bank accounts. He upgraded his account from a free one to an Additions account in 1998. In 2009 his account was again upgraded – this time to an Additions Active account.

background

Mr C's account was opened as a free one with Barclays in 1989. He upgraded the account twice as outlined above. In 2015 Mr C complained to Barclays that it had mis-sold the accounts. Barclays didn't resolve his complaint as he had hoped and so he brought it to this Service.

One of our adjudicators has already looked into the matter and recommended that Mr C's complaint shouldn't be upheld. Mr C doesn't agree with that assessment and so has asked – as he's perfectly entitled to – for an ombudsman to look into his complaint afresh.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I agree with our adjudicator and I don't uphold Mr C's complaint. I will explain my reasons below.

But at the outset I want to say that I don't doubt Mr C has provided his honest recollections. However I'm mindful that memories can and do fade over time. And where the evidence is unclear or there are conflicts between what the parties tell us, I make my decision based on the balance of probabilities. In other words I look at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to have happened.

Mr C is unhappy about the sales tactics used by Barclays which he says made him feel "privileged" and "honoured" to be offered the packages. And so he feels he was pressured into taking them.

I've looked at what Mr C has told us about how he recalls Barclays sold each of the accounts to him. And from what Mr C has described it suggests he was aware he had a choice, and that he could've decided against taking the packaged accounts. I don't know exactly what happened when the sales took place. But even based on what Mr C says I'm not able to safely conclude that Barclays acted inappropriately or unfairly towards him such that he felt he had no option but to upgrade. So I think he was offered a fair choice about taking the accounts.

As well as offering Mr C a fair choice about taking the accounts, Barclays had some other obligations. If it recommended them, it had to take steps to ensure that they were appropriate for him in his circumstances. And it had to give him enough clear information about them to enable him to make an informed decision about whether they were right for him.

Firstly I'll look at the Additions account.

I understand that Mr C accepts that his recollections about events in 1998 are a little vague – which isn't at all surprising given how long ago all this happened. But I think he may have confused what he was told about the overdraft usage fee on free accounts and the account fee for the packaged account and its benefits.

Barclays has provided us with Mr C's statements from 1997. I can see that before he upgraded in February 1998 he did use an overdraft facility from time to time. I understand that at that time Barclays charged customers, who had a free account, a monthly overdraft usage fee if they used an overdraft for more than three days. And it charged interest on the overdrawn balances. Mr C's statements show that he was being charged that £5 overdraft usage fee before he upgraded.

Consumers with an Additions account didn't have to pay the overdraft usage fee and they weren't charged any interest on the first £100 of their overdraft. But there was a fee payable for this account - which, in 1998, was also £5. At that time there weren't lots of other benefits with the Additions account but there were some and they included purchase protection and accidental death benefit of £5,000. And as well as overdraft usage being interest free under £100, on approved usage above that, a preferential interest rate was given to Additions account holders.

So for someone who was using their account as Mr C appears to have been doing, the Additions account offered some additional benefits but without any additional cost. And from what I can see it doesn't seem Mr C's circumstances meant that the account would've been an inappropriate recommendation for him even if Barclays had provided him with advice. He could've relied on the benefits it provided. It's possible that Barclays didn't give him all the information about the benefits it should have done but I don't think he would've made a different decision. And I don't think Barclays did anything so wrong that I'm able to conclude the Additions account was mis-sold to Mr C in 1998.

So now I'll turn to the sale of the Additions Active account.

Over the years the Additions account had changed. Benefits were added and altered and the fee increased. By October 2009 the Additions account cost £12.50 per month. It now provided an interest free overdraft up to £250 and included extended warranties on household appliances, car breakdown and home emergency cover as well as mobile phone insurance.

At the point Mr C upgraded to the Additions Active account it cost £15. The benefits were quite similar to the Additions account but some were enhanced. For example the interest free overdraft benefit was increased to £300 and the breakdown cover was extended to include onward travel and European cover. The Additions Active account also provided worldwide multi-trip family travel insurance whereas travel insurance wasn't a benefit of the Additions account.

In his complaint form Mr C told us that he received a letter from Barclays saying he was a privileged customer, and was offered an account which included numerous benefits. And he lists what he understood the benefits to be but says he hasn't used them. He describes himself as acting "naively" and that he felt honoured to be classed as a "privileged customer" so he agreed. He feels that in retrospect he was mis-led by "clever rhetoric". But in his questionnaire Mr C told us that in 2009 he visited his branch to enquire about motorcycle breakdown cover and he recalls being told that he would have to upgrade to the Additions Active account. But from what we know of the breakdown cover provided through the Additions account motorcycles were already covered. And I see that five months after the upgrade Mr C made a call to the breakdown cover provider about a hatch-back car.

So I don't think Mr C's recollection is as clear as it once was about what led him to upgrade to the Additions Active account. But I think that Barclays would've told Mr C about the enhanced benefits which came with the Additions Active account for an extra £2.50 per month – not only because they would've made it seem attractive but also because Mr C has acknowledged that he was aware of those benefits. I mention above that I think Mr C was offered a fair choice about upgrading his account in 1998 and 2009. On the latter occasion I think Mr C, using his account as he did, is likely to have concluded that the extra – relatively modest increase of £2.50 per month - was worth it for the extra benefits.

I accept that Barclays may have recommended that the Additions Active account was suitable for Mr C – most likely for the additional overdraft benefit and the enhanced breakdown cover as those were two benefits which Mr C has mentioned and he went on to rely on shortly after the upgrade. Mr C says he always had duplicate breakdown cover elsewhere but given that he did call the provider early in 2010 it seems he may have relied on it at some point.

I also acknowledge what Mr C says about his partner working in the travel industry and arranging travel insurance. But I don't think that there was anything about the benefits which came with the Additions Active account which meant they were unsuitable for him. And given that the additional cost was £2.50 even if some of the cover was duplicated I'm not persuaded that the account was an inappropriate recommendation.

I'm open to the possibility that Barclays didn't give Mr C all the details behind each of the benefits it should have done. But there doesn't appear to have been anything about his circumstances which would've meant he'd have made a different decision even if it had given him better information. So taking everything together I'm not persuaded that Barclays mis-sold the Additions Active account.

Mr C is also unhappy that he tried to downgrade his account in around 2011 but he says Barclays persuaded him to keep it. He recalls that this was because he was reminded of the overdraft benefit he was receiving and that he would pay more interest if he had a free account. Mr C was aware he could have free account and he doesn't suggest he was forced to keep the account – rather he says he was "persuaded". So I don't think I've seen enough to safely conclude that Barclays acted inappropriately when Mr C tried to downgrade.

I'm sorry that this won't be the outcome Mr C was hoping for. But having considered everything I'm not persuaded to uphold his complaint.

my final decision

For the reason outlined above I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 February 2016.

EJ Forbes
ombudsman