

complaint

Mr S complains that The Co-operative Bank Plc (Co-op) mis-sold him a packaged bank account called the Privilege Premier account in 2010 when he took out a mortgage.

background

Mr S complained to Co-op. It didn't agree that it had done anything wrong so he brought his complaint to this Service. One of our adjudicators looked into Mr S's complaint and recommended that it should be upheld. Co-op didn't agree with her assessment and asked for the complaint to be considered by an ombudsman.

A few weeks ago I looked into the matter and issued a provisional decision in which I explained why I was minded not to uphold Mr S's complaint. I invited the parties to let me have anything further they wished me to look at before I considered my final decision. Co-op tells us it has nothing further to add. Mr S thinks that I've concentrated on the wrong things. But he hasn't provided me with any new information or evidence to consider.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As I haven't received anything further from the parties I see no reason to change my provisional conclusions. So I don't uphold Mr S's complaint.

This is what I said in my provisional decision:

At the outset I want to say that I don't doubt Mr S has provided his honest recollections. But I'm mindful that memories can and do fade over time. And Mr S acknowledged this in his call with our adjudicator when he said that time goes by and his memory isn't what it should be.

Mr S wanted a mortgage in 2010. And it seems he chose a mortgage with a preferential rate which required him to have a Co-op current account. He says that he was led to believe that he had to have the paid-for Privilege Premier account and that he wasn't given the option of a free account. He draws our attention to the mortgage offer which states that the mortgage was exclusively available to Co-op current account customers. It went on to state that if the customer didn't have a qualifying account he was obliged to take one as a condition of the mortgage.

Co-op says that whilst it was a requirement for Mr S to have a current account to obtain the particular mortgage he wanted, he could've taken a free one. It draws our attention to the special conditions which it says were attached to the mortgage offer. These conditions state that a qualifying account included the Co-op standard current account, the Privilege account and the Privilege Premier account.

In situations such as this 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.

Our adjudicator concluded that Mr S had more likely been told that he had to take the Privilege Premier account to get the mortgage rate he wanted. And she thought that the special conditions weren't clear enough to put right what Mr S had been told by the Co-op advisor.

But I don't think Mr S's recollection about what he was told is as clear as he now thinks. I mention above that I've listened to his recent call with our adjudicator to help me understand what he does remember.

Co-op has provided us with notes from the time of the sale which suggest that the reason Mr S selected the Privilege Premier account was that the breakdown cover included his motorcycle. In his complaint questionnaire Mr S told us that he had a car and specifically mentions that he also had a motorcycle. In light of the note I think it's likely that the European breakdown cover – a benefit exclusive to the Privilege Premier account – was discussed. And it seems that Mr S's motorcycle was also mentioned.

Mr S tells us that he doesn't remember the breakdown cover being talked about. He says he had cover through his employee benefits and can't see any reason he'd take an account he had to pay for when he had the cover through work. He has provided us with an internet link to his employee benefit package from 2014. But from what I can see breakdown cover wasn't an employee benefit then and I haven't seen anything to confirm that it was something which Mr S had in 2010.

The Privilege Premier account was the only qualifying account which offered breakdown cover. In many ways it was similar to the cheaper Privilege account but that didn't provide breakdown cover. As the motorcycle cover appears to have been specifically mentioned it seems that this was something which was important to Mr S and might explain why the Privilege Premier rather than the Privilege or the standard account was taken.

I've also seen evidence that for the first year of holding the Privilege Premier account the fee was refunded. As this is something which would've made the account seem more attractive I think that the Co-op advisor is likely to have told Mr S about it. He initially didn't recall that he'd had it for free but told our adjudicator that as she had now mentioned it, he vaguely remembered something about it.

So the Privilege Premier account was free for a year and it seems that it offered something Mr S was attracted to – the European breakdown cover for his motorcycle. And given what Mr S has said to us I'm not persuaded that his recollection about what he was told is very clear. I don't think it would be a surprise if Mr S's attention had been mostly on the terms of his mortgage rather than what he was told about his Privilege Premier account.

Taking everything together I think it's likely that, having been told about the Privilege Premier account and its benefits – which he could have for free for a year - Mr S opted to take the more expensive packaged account. It's possible that Mr S may have intended to cancel it after a year and continue with the free account. But whatever his plans at that time, I'm not persuaded he was denied a fair choice by Co-op.

Mr S points out that he has kept the Privilege Premier account, even after he began paying the fee, because of what it said in the mortgage offer about potentially losing a preferential mortgage rate if the qualifying account was not maintained. But, as I think he was more likely told that he could have a free account as a qualifying account, I also think Mr S either remained satisfied with his account and its benefits (after the free period) or forgot that he could downgrade. I don't think Co-op failed to give Mr S a fair choice about which accounts would qualify him for the mortgage as he now recalls.

And from what I've seen I don't think Co-op recommended the Privilege Premier account to Mr S. So it didn't have to check that the benefits were suitable for him. But it still had to provide Mr S with enough clear information to allow him to decide for himself whether it was what he wanted.

I mention above that Mr S had an employee benefit package. And I accept that some of the cover appears to have been duplicated – for example the travel insurance. But it seems that the motorcycle breakdown cover is something Mr S may not have had through work and could have found attractive about the Privilege Premier account. I note that he also later went on to register his mobile phone and make a claim on the mobile phone insurance. This wasn't something which appears to have been included in his employee benefits either – and may be a reason he decided to keep the account after the free period but has since forgotten.

Packaged bank accounts are rarely tailored to the individual so it's unlikely that every customer will find every benefit useful. It was for Mr S to decide whether the benefits, as a package, might be useful to him for the cost (which effectively was for free for the first year). I accept that Co-op may not have told Mr S all the details behind the benefits which it should have done. But taking account of what Mr S tells us about his circumstances at the time and the benefits, I'm not aware of anything which would've meant he couldn't have relied on features he thought might be useful. So I don't think he would've made a different decision even if he'd been given better information.

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

my final decision

For the reasons outlined above and in my provisional decision I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 April 2016.

EJ Forbes
ombudsman