

The complaint

Mrs W complains that she had no contact about her debt from Paragon Bank Plc for many years, although she was still paying. She said if Paragon had been in touch, she would've acted to reduce the interest she was paying.

What happened

Mrs W complained to Paragon about how it had managed her account. Paragon said the account had since been sold, but it looked at what it had done when it managed the debt.

Paragon said it didn't have the correct address for Mrs W. She last contacted it in 2006. Paragon now knows that she had moved house by then, but it said that she'd never told it about this. She used her previous address to clear security in 2006.

Paragon said its terms make clear that Mrs W has to tell Paragon if she moves, but she hadn't done that until May 2019.

Paragon said it doesn't usually try to trace customers unless payments stop. But it felt it should've tried to trace Mrs W in 2016, when some post sent to her old address was returned. It apologised for that. And it apologised for not having tried to contact her to discuss her debt between taking over her account in 1999 and selling the debt in 2018. But aside from that, it didn't think it had done anything wrong.

Our investigator didn't think this complaint should be upheld. He said Paragon's terms and conditions make clear that it's Mrs W's responsibility to keep her address updated with Paragon. And she hadn't done that. It had accepted when post was returned in 2016 that it should've tried to trace Mrs W, and apologised for that.

Our investigator said Mrs W knew she still owed Paragon money. A standing order continued to make monthly payments. Paragon had assisted Mrs W when she was in financial difficulties. Our investigator said Paragon didn't also need to contact her after this, to see if she could pay more. He didn't think Paragon needed to do more than it had done.

Mrs W wanted her case to be considered by an ombudsman. She thought she would've told Paragon her new address when she spoke to it in 2006. And she said selling her debt when it was almost paid didn't seem like a business doing the right thing by a customer.

Mrs W found a letter from April 1998, which said that the level of interest on her account was under review, and provided she maintained her payments it might be suspended or reduced. She sent us a copy. This case was then passed to me for a final 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. I've reached the same overall conclusion on this complaint as our investigator, and for broadly the same reasons.

Our investigator has set out that it was Mrs W's responsibility to give Paragon her new address. Paragon said she didn't do this, and when she spoke to Paragon in 2006, she confirmed her address as her old address, when she'd already moved. There's nothing in the notes Paragon made at the time to suggest to me that she gave Paragon her new address. I don't think it's likely that she did that.

I also note that, although Mrs W was paying towards her debt by standing order each month, she didn't contact Paragon again until very recently. So, although she wasn't receiving any information from Paragon, to tell her how this debt was reducing or what rate of interest she was paying, she didn't contact Paragon for many years to ask why not.

I know Paragon apologised for not tracing Mrs W in 2016, or making additional efforts to contact her to check the position of its agreement with her. But it remains Mrs W's responsibility to keep her address details up to date with Paragon. And I think that the key reason why Mrs W went for so long without any information on her debt, is because she didn't do that.

Mrs W also questioned why Paragon sold her debt, when it was closer to being paid off. Paragon said that was just a business decision. I can see from the notes that Paragon made at the time that the formalities for selling a loan appear to have been complied with. As Paragon still didn't have Mrs W's updated address at the time, she wouldn't have received this correspondence. But I haven't seen anything to suggest to me that Paragon did anything wrong when it sold Mrs W's debt to another lender.

I've listened to the call that Mrs W had with Paragon on this complaint. And I think Paragon would probably have agreed to make a small payment of compensation to Mrs P to resolve the complaint then, if she'd indicated that she would be happy with that. But that doesn't mean that I should award compensation in this case. If I don't think Paragon has caused what went wrong here, then it wouldn't be a fair and reasonable outcome for me to ask Paragon to pay Mrs P compensation. And, for the reasons I've set out above, I don't think it would be fair to ask Paragon to do more than it's done already.

I know Mrs W will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't think this complaint should be upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 July 2020.

Esther Absalom-Gough
Ombudsman