

The complaint

Mr B complains Paragon Bank PLC (Paragon) failed to carry out his instructions to transfer his ISA to another provider.

What happened

Mr B says in late May 2023 he arranged for his Individual Savings Account (ISA) to be transferred from Paragon to another provider. Mr B says in late June 2023 he contacted Paragon to understand why the transfer hadn't gone ahead and was told by Paragon it was waiting for the new provider to say it was ready for the funds. Mr B says he contacted the new provider on several occasions, and it said it had requested the funds to be sent.

Mr B says he sent a number of emails to Paragon which were ignored and also telephoned Paragon again towards the end of June 2023, but despite his request for the money to be sent to the new provider Paragon failed to do so. Mr B says he was left with no choice but to withdraw his funds from Paragon which has meant he has lost his ISA status, and this has not only affected him financially, but it has also caused him extreme stress and anxiety.

Paragon says it accepts it should have dealt with Mr B's emails more efficiently and it had incorrectly advised Mr B the ISA funds had been sent to the new provider, when it hadn't and by way of apology paid Mr B £35 for the inconvenience caused.

Paragon says the electronic system used to transfer ISA monies is highly regulated by HMRC. Paragon says in order for the funds to be sent, the new provider must send a message to confirm it is ready to receive the funds. Paragon says here, the new provider sent a pre request on 26 May 2023 and a full request on 30 May 2023 and it responded to that request on 31 May 2023. Paragon says it was then the responsibility of the other provider to send a "ready to receive the funds message" but this was never received.

Paragon says after discussing this with the new provider it was informed that they never received the acceptance offer of the transfer message, although its records show it was sent on 31 May 2023. Paragon says it would be the responsibility of the new provider to send a second request to transfer the ISA, but this never happened and therefore it wasn't at fault.

Mr B wasn't happy with Paragon's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says from the information available he could see that while the first part of the ISA electronic transfer process had been completed by the new provider, there wasn't any evidence to show it had carried out the next stage of the process, to say it was ready to receive the monies. The investigator says the onus was on the new provider to chase Paragon for its acceptance or to submit a new transfer request, if it hadn't received the acceptance message it says it was still waiting for from Paragon. The investigator says from the information he had seen, Paragon had sent the acceptance message to the new provider, so he couldn't say it was at fault here.

The investigator did agree that Paragon made an error when it sent an email confirming the

ISA transfer had taken place, when in fact Mr B had closed his ISA and it also should have responded to his earlier emails. The investigator felt Paragon had apologised for that and paid Mr B £35 for this, which he felt was fair.

Mr B didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating and upsetting for Mr B to request the transfer of his ISA from Paragon to a new provider, but for this not to happen. When looking at this complaint I will consider if Paragon were at fault for the transfer of Mr B's ISA not taking place.

Both parties have provided this service with comprehensive details of the course of events and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

Mr B's complaint centres around the fact that he believes Paragon are fully responsible for his ISA transfer to a new provider not materialising. While I understand the points Mr B makes here, I'm not fully persuaded by his argument. I say this because Paragon have provided this service with a copy from its back-office screen shots, which show that after the new provider sent the initial pre request on 26 May 2023 and the actual request on 30 May 2023, it accepted that requested on 31 May 2023, as the electronic ISA transfer process dictates.

What should follow as part of this process here, is the new provider should then send a "ready for the funds" message to Paragon but this never happened, and Paragon subsequently established when it called the new provider, that it told them it never received the acceptance it sent them on 31 May 2023. While it's not clear why the new provider says it never received the acceptance message, I can only consider the evidence provided to this service which does show it was sent. In any event if the new provider hadn't received this message of acceptance it seems reasonable to say it was its responsibility to chase this – but I can't see it ever did. So, with that in mind I can't say Paragon were at fault for the ISA transfer not taking place, as it had carried out what was expected of it under the electronic ISA transfer process and this process was explained to Mr B in both his phone calls to Paragon.

That's not to say Paragon haven't made some mistakes relating to the communication between themselves and Mr B. Paragon have accepted it confused matters by sending an email stating the ISA had taken place when in fact Mr B had initiated the closure of his ISA. It has also accepted although it had spoken to Mr B over the telephone, it should have also acknowledged his emails regarding this matter. Paragon have apologised for this and paid Mr B £35 for the inconvenience caused, and I'm satisfied that is reasonable for that part of Mr B's complaint.

I understand Mr B closed his ISA and that has resulted in him losing his ISA status, but that

was a decision he chose to make. I can't hold Paragon responsible for that, considering I'm satisfied, for the reasons I've already explained, Paragon wasn't responsible for the fact the ISA transfer failed to complete.

While Mr B will be disappointed with my decision, I won't be asking anymore of Paragon here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 March 2024.

Barry White
Ombudsman