

The complaint

Mr K complains that Paragon Bank Plc ('Paragon') gave incorrect information when he contacted them about interest paid on an account held with them.

What happened

Mr K was in dispute with HMRC about the amount of tax paid on his savings accounts. He received information from them about the interest declared on a closed account held with Paragon. He was unable to obtain this information online, so he called Paragon in March 2024. Paragon agreed to call Mr K back once they had looked into things and during the call, he was given misleading information about the account that the interest payment came from. As a result, he came away from the conversation believing that the interest was paid from an ISA account which was still open.

Mr K said he contacted HMRC on the same day to explain that the interest wasn't taxable as it came from an ISA, however, he required further information, so he called Paragon back shortly after. Mr K was then advised that the account in question wasn't an ISA, and was a savings account that was closed in 2019, which contradicted the previous call.

Mr K complained and Paragon accepted it made a mistake in giving incorrect information and sent him a cheque for £40. Mr K subsequently referred the complaint to our service as he said he'd provided false information to HMRC because of what had happened. He said he wanted £250 compensation for the embarrassment and the time spent on the phone.

One of our Investigators reviewed the complaint and recommended that the compensation be increased to £75 due to the errors made. Paragon accepted this, but Mr K remained unhappy and asked for an ombudsman to decide the case. As such, the complaint has been passed to me.

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.

Mr K was given confusing and wrong information when Paragon initially discussed the account with him. I think he should have been able to obtain the correct answer to the query in this call and he was instead provided with incorrect information about the account's closure and tax status. He was also given inconsistent details of where the interest payment came from and by the end of the call, the advisor was unable to confirm any of the details provided.

I did note in the call that the advisor recommended that Mr K wait for the statement to arrive so that he could have confirmation of the account details. Mr K also stated clearly that he required 'bulletproof' information, which gave the impression that he'd wait for the statement before speaking to HMRC. So, I don't understand why Mr K went straight back to HMRC when he didn't have the statement or clear information about the account.

I'm pleased to see that Mr K was able to obtain the correct information in the follow up call shortly after, which was dealt with quickly and handled well. It's clear that Mr K was confused at this stage and had lost trust in what he was being told. The issue would have taken some time to get to the bottom of, but had the initial call been handled reasonably, this follow up call wouldn't have been necessary.

Putting things right

I think the errors here led to frustration, confusion and unnecessary time spent on the phone for Mr K, however I don't think Paragon are responsible for the embarrassment that Mr K has claimed. While the information wasn't clear, it also wasn't certain, and it was recommended that he wait for the statement to arrive so that he had confirmation. So, I don't think it's Paragon's fault that Mr K chose to act on partial information after giving the impression that he would wait for the statement.

Taking the above into account, I think £75 reasonably recognises the impact of the errors made by Paragon, which were resolved on the same day.

My final decision

My final decision is that Paragon Bank plc should ensure it has paid Mr K £75 to settle the complaint. I'll leave it to Paragon Bank Plc to look at what cheques it has already issued and paid in this regard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 March 2025.

Chris Lowe
Ombudsman