

## **The complaint**

Mr C complains that Paragon Bank Plc wrongly transferred an existing ISA to a fixed rate account rather than to a new ISA.

## **What happened**

In August 2023, Mr C wanted to transfer an ISA he held with Paragon to new fixed rate ISA with it. Mr C completed this instruction online and at the same time carried out the same action for his wife. In August 2024, Mr C received information from Paragon which stated that the ISA had actually been transferred to a one year fixed rate account, rather than the ISA he believed he had opened.

Mr C was certain that he had transferred the money correctly to another ISA rather than to the fixed rate account, especially as he had taken the same action for his wife which had been carried out as he expected. He complained to Paragon about this – adding that there was no warning provided to confirm that he was closing an ISA and opening a standard savings account.

Paragon responded to say that it had carried out Mr C's instructions correctly, but it acknowledged that it would have been helpful to have provided a warning message and said it had updated its systems to make sure that would now happen. Paragon explained that while it accepted it could have done more, it didn't accept that it could be held responsible for the error and taxable interest incurred by Mr C. It said that while it does offer some flexibility when a customer transfers in error, it needs to be made aware of this within seven days and wasn't here. But in recognition of the lack of a warning, it paid Mr C £40 compensation.

Mr C was unhappy with Paragon's response and so brought his complaint to this service. One of our investigators looked into it and didn't feel that Paragon had made any errors or treated Mr C unfairly. They said that as the transfer was requested online Paragon was only required to complete the transaction as it was requested. While the warning message may have been beneficial, they didn't feel that was a requirement, or that the lack of such a message meant that Paragon was at fault.

Mr C disagreed with this – saying that he maintained that this was a system error with Paragon given that he made the same instruction for his wife within minutes of his own. He also mentioned that the email confirmation sent to him was the same as the one sent to his wife, but neither mention that the account in question was or wasn't an ISA. Our investigator then tried to work with Mr C and Paragon to see if they could find a way to resolve the matter, but Mr C said that Paragon's suggestions weren't appropriate for him.

## **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 C's frustration is very clear here. He is certain that he transferred his money into a new

ISA rather than a fixed rate account. I've considered all he's said about this but, as our service is independent and impartial, I also have to consider what Paragon has said and provided too.

I can't know for certain what exactly Mr C saw when opening the new account here. So I have to rely on the evidence that is available to decide what's more likely than not to have happened. All of the information I've seen persuades me that it's more likely than not that Mr C did open a fixed rate account rather than a new ISA. I realise that Mr C is adamant that Paragon made a mistake here, but that's not what the evidence suggests to me is most likely to have happened.

Paragon has provided screenshots of what Mr C would have seen during the process of opening and moving his funds to the new account. I'm satisfied, based on these, that the type of account he was opening would have been clear to him. There would have been several different steps where Paragon would have presented information that would have reasonably made him aware of the type of account he was applying for and, at least, that the new account wasn't an ISA.

A 1 Year Fixed Loyalty Bond was opened on 17 August 2023 and I've seen that Mr C was notified of this by a secure online message. That message didn't in itself explain what type of account had been opened, but it contained and referred to an attachment which clearly explained the terms of a 1 Year Fixed Rate Savings Account. The information about the account was also confirmed on Mr C's online account too, which named the account in full. I think this is sufficient and reasonable information to make Mr C aware of what account had been opened.

So I don't doubt that Mr C was certain that he had opened a new ISA, but I think it's more likely than not that he instructed Paragon to open the fixed rate account – likely by mistake. Paragon's records are clear and consistent about the account that was opened. It may be that Mr C simply didn't notice, or think to check what account he had actually opened – but I haven't seen anything that makes me think that the account was opened because of any sort of systems issue, or any mistake made by Paragon. I realise that Mr C made a similar instruction for his wife at the same time which went ahead as expected – but that doesn't persuade me that Paragon made any mistakes in opening the account as it did for him here.

Paragon accepts that it would have been helpful if it gave a warning to customers transferring money out of ISAs. It has now built that into its systems, but Paragon didn't offer such a warning at the time and it was under no obligation to provide such a message. In any event, I think it provided sufficient information to Mr C to show him what account had actually been opened and it paid £40 in recognition of the issue. Paragon has explained that it does have a seven day window that customers can contact it in to amend issues like this, but as Mr C wasn't aware of what had actually happened, he didn't do that. That's not something I think it'd be fair to hold Paragon liable for though.

Paragon did offer to allow Mr C to move money from his Fixed Rate Account into an ISA, provided he had not yet used his ISA subscription for this tax year. That was a helpful gesture from Paragon, but Mr C explained that he has used his allowance. So given that I haven't decided that Paragon has made a mistake in opening the account it did – I won't be telling it that it needs to do any more here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or

reject my decision before 19 February 2025.

James Staples  
**Ombudsman**