

The complaint

Mr G complains that Paragon Bank Plc didn't provide clear information when he was transferring his Individual Savings Account (ISA) to a new product in 2023.

What happened

In October 2023, Mr G's Paragon ISA matured, and he believed he had transferred the account balance to a new Paragon ISA. However, in October 2024, he became aware that a non-ISA product had been opened in October 2023.

Mr G complained to Paragon saying the information provided in October 2023 had been unclear and that he had not been given a warning to show he was moving his ISA balance to a standard savings account. So, he complained to Paragon.

Paragon didn't agree that it had done something wrong. It said it had correctly opened a 1 Year Fixed Rate Savings Account in line with the options Mr G had chosen in 2023. It said the information it provided at the time was transparent. It said it separated its ISA products from standard savings accounts on its website and the word ISA was incorporated in the name of all its ISA products to differentiate them from standard savings accounts. It also said the product terms and conditions – which Mr G accepted during the account opening process, also explained the type of account Mr G was transferring his funds to.

But it acknowledged that at the time its processes didn't include the type of warning Mr G had mentioned. In recognition of the lack of a warning it sent Mr G £25 compensation.

Mr G was unhappy with Paragon's response, and he referred his complaint to this service. One of our investigators looked into it, but she didn't feel that Paragon had made any errors or treated Mr G unfairly.

Mr G disagreed. He maintained the transfer process was ambiguous due to a lack of clear warnings and adequate signposting. So, it was reasonable for him to have believed he was transferring into another ISA. Mr G asked for an Ombudsman to review the complaint, so it's 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.

Having done so, I've reached the same overall conclusion as the investigation. I understand Mr G will be disappointed, so I'll explain why.

I realise that Mr G is adamant that the information Paragon provided during the transfer process wasn't clear. But that's not what the evidence suggests to me is most likely to have happened. Paragon has provided screenshots of what Mr G would have seen during the process of opening and moving his funds to the new account. I'm persuaded, based on these, that the type of account Mr G was opening would have been sufficiently clear to him.

The screenshots show there were several different steps where Paragon presented information that I think would have reasonably made Mr G aware of the type of account he was applying for and, at least, that the new account wasn't an ISA.

Furthermore, Mr G was notified of by a secure online message that a 1 Year Fixed Rate Savings Account had been opened. Both this message, and the account terms and conditions Mr G agreed to during the account opening process, explained the terms of a 1 Year Fixed Rate Savings Account.

I don't doubt that Mr G believed he had opened a new ISA. But I find he instructed Paragon to open the 1 Year Fixed Rate Savings Account – all be it most likely by mistake. I haven't seen anything that makes me think that the account was opened because of any unclear or ambiguous information provided Paragon. Rather, I find the account transfer process to be clear and consistent about the account that was opened.

Paragon accepts that at the time Mr G opened the 1 Year Fixed Rate Savings Account it didn't provide a warning that he was transferring money out of an ISA. It has now built that kind of warning into its systems. But Paragon wasn't under any obligation to provide such a message. In any event, as explained above, I find it provided sufficient information to Mr G to show him what account had been opened.

Paragon has explained that it does have a seven-day window in which customers can contact it in to amend issues like this. But as Mr G wasn't aware of what had happened until a year later, he didn't do that. But that's not something I think it would be fair to hold Paragon liable for.

Given that I've found that that Paragon provided enough sufficiently clear information to Mr G when he was opening the new 1 Year Fixed Rate Savings Account, I won't be telling it to take any further action in respect of this complaint.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 February 2025.

Sandra Greene
Ombudsman