

The complaint

Mr K complains about the difficulties that arose and the customer support provided by Paragon Bank Plc when he tried to transfer his account elsewhere.

What happened

The background to this complaint is well known to both parties, so I will just provide an overview of key events here.

Mr K had various accounts with Paragon. He contacted Paragon in July 2024 and asked whether it could match the savings account interest rate being offered by a bank I will refer to as 'Company A'. Mr K told Paragon that if it could not match the interest rate, then it should advise him how to transfer his funds to Company A. Paragon did not match the interest rate, and so Mr K began the process of transferring his funds.

During this process, Mr K tried to update his nominated bank account. Mr K said he then encountered a number of problems while trying to transfer his funds to Company A and he raised a number of complaints with Paragon over the following weeks. Mr K received the transferred funds into his account with Company A on 12 August 2024.

Paragon responded to Mr K's various complaints on or around 22 August 2024. Amongst other things, Mr K had complained about being unable to change his address online; the process for changing his nominated account; delays during the BACS process; technical difficulties; customer support issues and overall delays.

Paragon acknowledged that delays happened and that Mr K received a poor standard of service and it offered compensation of £300. It also said that delays in some of its processes resulted in a loss of interest for Mr K. It calculated the difference between what Mr K earned on the account with Paragon and what he should have earned on the account with Company A, which it said was £19.10. It also agreed Mr K lost interest due to a delay with the BACs payment and agreed to pay £418.34 to compensate for lost interest. It calculated the total redress as £737.44.

Mr K remained dissatisfied and contacted Paragon again in September 2024. He raised a number of issues including, but not limited to: needing clarification about what is meant by proof of ownership documents; that he was not told why Paragon could not use a care of address in the final response letter; that it did not address difficulties he had logging in online; that he was told the account would be ready to use as soon as he entered the authentication code, and not within 24 hours as Paragon stated; that he remains out of pocket in relation to the nominated account form and proof of ownership issues and that interest calculations should have been from 5 August 2024 on withdrawn amounts.

Paragon responded in early October 2024. In brief, Paragon provided Mr K with a definition of a 'savings account'; clarification of what is meant by proof of ownership documents; information about why it does not allow 'care of' addresses; greater detail about issues Mr K had logging into his account and explained why it had already provided appropriate redress

in relation to a delay in its response to his change of nominated bank account. Paragon agreed it had caused an additional one day delay in Mr K transferring his funds to Company A and agreed to backdate the interest award by one day. It calculated this amount to be £69.72. Paragon offered to pay Mr K a further £50 in recognition of additional frustration its earlier response caused and its failure to acknowledge his difficulty logging in online.

Mr K sent an email to Paragon on 20 October 2024 where he outlined the issues he thought Paragon had either failed to acknowledge or failed to fairly resolve.

Mr K then brought his complaint to this Service. He told us that the issues he considered remained unacknowledged or unresolved were outlined in his email to Paragon dated 20 October 2024. Mr K said the disorganised nature of Paragon's handling of these matters cost him significantly in terms of time and energy and had a negative impact on his emotional wellbeing. In brief, the matters he felt remained unresolved were:

- Mr K wanted Paragon to draw up a timeline of events in relation to the communications about the change of nominated account, as he felt the day the actions were carried out would affect the interest earned.
- Mr K questioned whether Paragon was saying, in relation to the proof of ownership issue, that despite apparently informing him of something on the said dates, it was ok to misinform him.
- Mr K felt Paragon said in its email dated 9 October 2024 that it mentioned a specific point in its email dated 4 October 2024. Mr K said he could not see that this was the case.
- Mr K said he was waiting for an explanation about why a care of address could not be used.
- Mr K said Paragon should review emails sent by him on 2 October 2024 and 20 September 2024 to see if points remained unaddressed. He said it was not up to him to highlight what remained unaddressed as he felt this was clear.

Our Investigator did not uphold Mr K's complaint. As Mr K did not agree, this matter came to me for a decision.

I contacted Mr K in March 2026 and told him that the overall outcome I had reached was the same as that reached by our Investigator, but I had expanded on what our Investigator said and wanted to give Mr K the chance to respond before I issued a final decision. I then outlined, in turn, my responses to each of Mr K's complaint points. Mr K responded to what I said and, where applicable, I will address his responses in my findings.

I also sent the same information to Paragon and invited it to respond, which it did.

I am now in a position to issue my 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.

When he contacted this Service, Mr K told us that his complaint about Paragon was outlined in an email dated 20 October 2024 that he had sent to Paragon. So I have limited my review of this complaint to looking at the points outlined by Mr K in that email.

When we contacted Paragon it told us that it felt it had already previously addressed all of the issues raised in the email dated 20 October 2024.

I also want to assure both parties that I have considered all of the correspondence and points made, but I have not necessarily commented on each of them individually in this decision. This is not intended as a discourtesy. Instead, it reflects the informal nature of the Financial Ombudsman Service and my role in considering Mr K's individual complaint.

I have looked at each of Mr K's complaint points in turn.

Timeline of events

In his email to Paragon dated 20 October 2024, Mr K outlined this complaint point as follows:

"I'd ask you please provide a full timeline of events with regard to the communication surrounding the change of nominated account. There appears to be some discrepancies with regards to promises, timeframes and actions, which, ultimately, affect the day in which actions were carried out thus affecting interest earned."

I can see that when Paragon issued its final response letters on 23 August 2024 and 4 October 2024, the letters included a good deal of information about the timeline of events that began when Mr K decided to make changes to his nominated account. I've also seen some of the correspondence between Mr K and Paragon from around this time which also includes relevant information.

I don't think I need to provide all of the information here in relation to dates and timelines that Paragon provided in the final response letters. Or the information contained in the various emails and other correspondence between both parties. I know that Mr K wants Paragon to provide him with an actual timeline of events. While I can understand that this would be useful, I do think that there is enough information within the final response letters and in the other correspondence between both parties, that Mr K should be able to scrutinise what Paragon has said and should be able to decide whether he agrees with what it has said about the delays it caused. And whether he agrees with the number of days Paragon relied on to calculate interest owed to him.

Indeed Mr K did just that in relation to the delays with the BACS payment and let Paragon know that he felt interest should have been paid from 5 August 2024 instead of the 6 August 2024, which it took on board.

So I don't think it would be fair, and I have to be fair to both parties, to ask Paragon to take the time to put together a timeline when I think that information is already available to Mr K.

In saying this, I'd like to reassure Mr K that I have looked at this information to see whether I think Paragon has offered to pay Mr K the correct number of days of lost interest. I've done this because I think Mr K's primary, and understandable, concern leading him to ask for a timeline is whether Paragon has made sure he has not suffered a financial loss here.

Paragon said in the August 2024 final response letter that the delay caused by it in relation to the nominated account issue amounted to seven days. It felt Mr K would have been able to transfer his funds by 31 July 2024 if it wasn't for the errors it made. And I think the seven days suggested by Paragon seems fair.

From what I can see, the key issue here for Paragon is that it feels it caused a delay by not letting Mr K know that there was an issue with the change of nominated account within its two-day business timescale. In brief, Mr K told Paragon on 20 July 2024 that he wasn't able

to update his address to a care of address. Paragon responded within 2 business days (on 24 July 2024) but told Mr K that the change of address wouldn't be accepted by email. What it should have told him here is that it couldn't accept a care of address at all, but it didn't tell him this until 30 July 2024.

I can see that in an email sent by Mr K to Paragon on 7 October 2024, and in Mr K's response to my communication with him after this complaint was escalated to me, he said he thought the interest payment should be backdated to 16 July 2024. Mr K feels that this was the date the bank was first in possession of the required evidence. But I don't agree that the interest should be backdated to 16 July 2024.

I say this because while I agree this was the date Mr K provided Paragon with information about his address and nominated account, the fact is that Paragon had legitimate reasons to go back to Mr K about both matters. Paragon does not accept care of addresses, so it had to let Mr K know this. This is not an administrative failing on Paragon's part. It's unfortunate for Mr K that the address he provided wasn't suitable, but I don't think it would be fair for Paragon to be penalised for this. The same applies to the nominated account. Paragon required this to be a current account, and I can see why questions arose initially over whether it might, in fact, be a savings account. So it was reasonable for Paragon to seek clarification about this and, again, I don't think it should be penalised for doing that.

So while I think there were other delays, and it was reasonable for Paragon to ensure Mr K did not lose out on interest because of those, I'm satisfied it would not be fair to ask Paragon to backdate the interest payable to 16 July 2024.

Proof of ownership issue

In his email to Paragon dated 20 October 2024, Mr K outlined this complaint point as follows:

"Regarding the proof of ownership issue, as highlighted in my email of 7 October 2024, I again repeat the following and await your response to this point, rather than you directing me to earlier communication: Are you saying despite apparently informing me of something on the said dates, that it is OK to misinform me during other occasions?"

I appreciate that it might well be the case that Mr K feels he has been misinformed in relation to particular matters by Paragon. I haven't inferred from any of the Paragon communications with Mr K or with this Service that it is of the opinion that it is okay to misinform Mr K. While it has acknowledged that it has made errors in relation to Mr K's attempts to transfer his funds elsewhere, it has shown a willingness to rectify these.

Possible omission from a final response letter

In his email to Paragon dated 20 October 2024, Mr K outlined this complaint point as follows:

"Regarding the following sentence in your email of 9 October 2024 - We have acknowledged no follow up action has been taken and we have compensated for this error, in our response dated 4 October. In regards to the above sentence, I cannot see where you explain this point in your email of 4 October 2024. Please provide the mentioned extract from the said communication. In addition, when was the mentioned £50 paid and into which account, please."

The final response letter dated 4 October 2024 says the following:

"In our previous response, we mentioned issues that you faced regarding your address and password. I am satisfied that we explained the problems you encountered when trying to

update your address, however we did not provide greater detail regarding your issues logging into your account. During our investigation, we found no reported issues from our customers when attempting to reset their passwords online, during the same period nor were any broader service issues identified. I can see an email was received 31 July in which you explained your difficulty accessing your online account, but no follow up action was taken by us. I am pleased to see from your online activity that you were successful in resetting your password on 5 August."

Later, in the same email, Paragon says:

"In recognition of the additional frustration our previous response has caused you, and our failure to acknowledge your difficulty logging in online, we have sent a payment of £50 to your registered nominated bank account."

So I'm satisfied that Paragon did explain the relevant point in the email of 4 October 2024 and let Mr K know that the £50 compensation had been paid to his nominated account on or around 4 October 2024.

Care of address

In his email to Paragon dated 20 October 2024, Mr K outlined this complaint point as follows:

"Regarding the 'care of' issue - again - I am referring to awaiting an explanation for the inability to use this, rather than an apology. I've made this very clearly yet this continues to be ignored."

I can see that Paragon addressed this issue in its final response letter dated 4 October 2024. It said:

"You will understand that we consider your account security to be a priority, which includes the contact information we use when writing to you. We will always send post to account holders at your registered UK residential address. You can authorise another person to operate your account, but this would be through a more formal arrangement using a power of attorney. The Strong Customer Authentication PIN letter posted to you, is to provide security to our customers and accordingly this should be addressed to the account holder."

What Paragon is saying here is that it doesn't accept care of addresses for security reasons. That letters from it should only be addressed to the account holder.

I can see that the care of address Mr K proposed contained the name of another individual so it's reasonable that Paragon declined to accept that address. I can see why Paragon would not want another named individual to accept post on his behalf.

So I think Paragon has already explained this issue to Mr K and I think its stance here is reasonable.

When Mr K responded to my communication with him earlier this month, where I outlined the overall outcome I intended to reach, he said the following in relation to this point:

"While the Ombudsman finds the bank's security stance "reasonable," it does not address the service failure involved in the explanation's delivery. It took multiple requests over several months to receive any technical reason for this restriction. An apology for the delay in explaining a policy does not mitigate the frustration and energy wasted in seeking it. We believe the compensation should reflect the systemic failure to provide clear, policy-based answers in a timely manner."

The complaint point Mr K asked this Service to consider, and which I have addressed above, was about Mr K not having received an explanation from Paragon about why he could not use a care of address. But the point he now seems to be raising as above has added to the complaint point brought to this Service, as this is about the length of time taken to get an explanation. As these points are linked, I will address this now.

The length of time taken by Paragon to provide a response to complaints raised by Mr K falls under complaint handling. And while this Service has the authority to consider complaints about his bank account, as this is a regulated product (regulated by the Financial Conduct Authority), we do not have the authority to look into complaints about complaint handling. Complaint handling is not a regulated activity. So while Paragon can consider any complaints raised with it, this Service has a limited remit. I consider that this new complaint point is solely about complaint handling and so is not something this Service can consider.

Possible unaddressed points

In his email to Paragon dated 20 October 2024, Mr K outlined this complaint point as follows:

“Regarding my emails of 2 October 2024 (18:58) and 20 September 2024 (10:12AM) - I strongly suggest reviewing these emails in their entirety. If points from either remain unaddressed, the FOS will ultimately ensure Paragon addresses them so it would be quicker and more cost effective for these to be addressed in full now. It is not up to me to highlight what remains unaddressed - this is clear.”

I can see that Mr K is chasing up a response to his complaint in the email dated 2 October 2024.

As outlined above in relation to one of Mr K’s other complaint points, this Service has the authority to consider complaints about his bank account, as this is a regulated product but we do not have the authority to look into complaints about complaint handling. Complaint handling is not a regulated activity. So I have not looked into the issues raised by Mr K in the email dated 2 October 2024 as I am satisfied they relate exclusively to complaint handling and to Mr K chasing a response to his complaints.

The email that I’ve looked at which is dated 20 September 2024 is a lengthy response by Mr K to Paragon’s earlier (August 2024) final response letter. Paragon then responded to this by issuing the second final response letter in October 2024. Mr K then let Paragon know in his email dated 20 October 2024 about the matters he felt had not yet been dealt with. And it is the email dated 20 October 2024 that I am using here to let me know what matters Mr K feels are unresolved. So I don’t think there’s any need for me to scrutinise this earlier email, when Mr K has provided his outstanding concerns in the later email.

I know my decision will be a disappointment to Mr K, but as I’m satisfied that Paragon has dealt with the issues Mr K raised with it in his email dated 20 October 2024 in a fair and reasonable way, I am not asking it to take any further action.

My final decision

I am not upholding Mr K’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 28 April 2026.

Martina Ryan
Ombudsman