

The complaint

Mr D is acting on behalf of the estate of the late Mr D.

For ease I won't refer to the estate throughout. Instead, I will refer to the Mr D who is now dealing with this complaint.

Mr D is unhappy with Paragon Bank Plc. He said Paragon hasn't looked into his two complaints from mid October 2024. Mr D said Paragon wrongly claimed these issues were related to another complaint and so these issues were closed.

What happened

Mr D said it took lengthy discussions by phone and email to get Paragon to accept it should investigate. However, Mr D said the complaint responses were totally inadequate. Mr D referred to various DISP rules and regulations and the Consumer Duty principles throughout.

Mr D said the time he's spent on the complaint has been ridiculous, hugely inconvenient, and highly stressful. He said he had spent time responding at length and making a complaint shouldn't be this difficult.

Mr D said he wanted an apology and £750 compensation.

Paragon apologised and accepted his complaint. It reviewed the calls from 14 and 15 October 2024 and again apologised as the complaints raised on those days hadn't been investigated.

Regarding the call on 14 October, it accepted when it said it couldn't send out its final response by email this was incorrect. It can send encrypted complaint letters via email.

In the 15 October call Mr D was advised Paragon couldn't take his bank details over the phone. Paragon told him during the call any compensation would have to be paid by cheque. It said when investigating this was correct as Mr D isn't registered on the account. It said electronic payment of compensation can only be paid into the registered nominated bank account. It said although a previous compensation payment had been made this way it was via the registered nominated bank account and in line with procedures.

Paragon noted Mr D was unhappy with the phrasing used in its correspondence dated 22 January 2025 about the Data Subject Access Request (DSAR). It apologised and passed on feedback. It said it wasn't its intention to suggest Mr D's reaction was the problem. It said, *"Our intentions were to highlight that we do take customer feedback seriously and that this has been raised within the team."*

Paragon paid Mr D £50 in recognition of the misinformation it provided during the call on 14 October 2024. It said when it provided its final response it gave compensation at the same time. Paragon noted that Mr D said this was in breach of Financial Conduct Authority rules as it doesn't ask for any acceptance. Paragon said it makes offers to compensate customers adequately and it feels it does this within the guidelines of this service. It said, *"From there, a*

customer can raise any issues regarding compensation with us or refer their complaint to the financial ombudsman.”

Mr D didn't accept this and brought the complaint to this service.

Our investigator didn't uphold the complaint. She noted the issues weren't addressed until January 2025. She agreed errors had been made on the call on 14 October. She accepted Paragon's point about why first time around it had paid the money to the registered account. But now that the original account holder Mr D has sadly passed away the account had become part of the estate. She said that Paragon had therefore followed the correct process when it could no longer pay into the account and had to send compensation by cheque.

Regarding the DSAR she said Paragon was going to feedback to its team and it apologised. On the compensation being paid out point she said Paragon was free to offer compensation. She said she didn't think it made an error on this. But she did advise Mr D that this service can't award compensation to him personally as he is an executor of the estate and not the direct account holder here. She said she wouldn't be asking Paragon to do anything more.

Mr D didn't accept this and asked for his complaint to be passed 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.

I can start by confirming I've read and reviewed all of the evidence and information provided including all the details around regulation, rules and Consumer Duty Mr D has provided. I'm grateful to him for the amount of information. But I'm only going to comment on the central points.

I think it also would be helpful when so much time and effort has been spent referring to rules and regulations if I point out that Financial Conduct Authority (FCA) DISP rule 2.3.1R confirms what complaints the Financial Ombudsman Service can consider. Most importantly the rule specifically refers to “*regulated activities*” and lists what these activities are. Complaint handling isn't a regulated activity and so how Paragon has actually handled a complaint is something that would be for the FCA as the regulator. If Mr D wishes to take the complaint handling matters further, he can do so with the FCA.

I am only dealing with the issues raised in Mr D's complaint to this service and already laid out above in this final decision.

Paragon has confirmed that the advice it gave on 14 October was incorrect. It wrote this in its final decision, apologised and it offered Mr D £50 as compensation for this mistake. It said Paragon had procedures in place which limits the amount of account specific information it can confirm by email to protect customer security. But it did conclude it wouldn't be a GDPR breach if it sent an encrypted complaint letter by email. It also said it had provided feedback to make sure any misinformation wasn't provided again. Based on these details I think Paragon has acted fairly and reasonably in the way it dealt with this point.

Paragon has confirmed the advice given in the 15 October phone call was correct. It said “*As outlined in our previous letters, you are not registered on the account, and for security purposes, we are unable to take a change of bank details over the phone. In addition, our procedures outline that electronic compensation can only be paid to the registered nominated bank account. In cases where electronic payment is not appropriate, this is sent*

via cheque. Therefore, as your details are not registered on the above numbered account, we would pay compensation via cheque made payable to yourself. Whilst I understand that your last compensation payment was made electronically, this was paid to the registered nominated bank account, in line with our procedures.”

Paragon went on to further explain this. It said when an account “is now under bereavement, we are unable to take new account details over the phone.” It said this was the reason for compensation to reach the complainant it would need to go by cheque. So, although I can understand that Mr D would have found this frustrating it’s clear that procedurally Paragon was following its requirements following the passing of Mr D - the original account holder. I don’t think that’s unfair or unreasonable – it is entitled to follow its process.

In relation to the DSAR request and Paragon’s wording I accept what it said here. It apologised for the phrasing and passed on feedback. I don’t think it needed to do any more than that.

I understand Mr D’s point that he feels the compensation amount was imposed on him. I can see why he could feel that way. But I think Paragon was clear throughout that if he was unhappy with the amount offered he could bring his complaint to this service. So, I don’t think it is imposing the amount on him. I think it is trying to offer what it considers to be a fair and reasonable amount in the hope Mr D agrees. That’s how I read its attempts to settle the complaint. I’ve noted the wording it used earlier in this complaint that explains that even after it has offered or paid an amount Mr D is free to continue bringing his complaint about the compensation or any other part of his complaint to this service. I think that’s a reasonable outcome.

In terms of the length of the correspondence for this complaint I think Mr D must have spent a great deal of time producing it. But I don’t think that I can make Paragon pay anything for that. I think it was Mr D’s choice to put in the time and effort that he has. Mr D said he had produced lengthy, detailed responses including rules and regulations and Consumer Duty information. But that was his choice to do. I don’t think Paragon required this. So, I don’t think Paragon needs to do anything further.

My final decision

I don’t uphold this complaint.

I make no further award against Paragon Bank Plc.

Under the rules of the Financial Ombudsman Service, I’m required to ask the estate of X to accept or reject my decision before 17 November 2025.

John Quinlan
Ombudsman