

The complaint

Mrs T on behalf of the estate of Mrs D, complains that Paragon Bank Plc provided poor customer service when Mrs D's ISA matured.

At the time of the complaint, Mrs T handled Mrs D's affairs under a power of attorney (POA), and the complaint was raised on her behalf. Sadly since our investigator issued his opinion, Mrs D has passed away.

What happened

In January 2025, Mrs T attempted to arrange for a new account to be opened for Mrs D online, as her existing Paragon ISA had matured and she wanted some of her funds to remain with them. As her attempt was unsuccessful, she assumed there was a problem with the website and called Paragon to request their help.

Unfortunately, Mrs T received poor customer service in response, as it took three phone calls, before she was informed of the correct process to follow. During the first call, she was incorrectly told she had failed security and would need to call back. Mrs T then asked for some general advice, but the adviser refused to provide it. In the second call, the adviser attempted to help her open the account online, and after twenty minutes incorrectly said there was an IT issue that was causing the problem. So, Mrs T was informed Paragon's IT department would need to resolve the issue, before the adviser could help her any further.

In the third call, Mrs T was correctly informed the account could only be opened via a postal application form. Mrs T then asked why this was the case, and the adviser simply repeated the fact it was their process. Mrs T then said she should have been informed of this previously, and she was concerned her mother was being discriminated against. The adviser then noted down her concerns and said the matter would be treated as a complaint. At the end of the call, Mrs T asked the adviser to send her the paperwork that evening using first class post, but the adviser didn't respond to this request. On the following day an application pack was dispatched using second class post.

Once Mrs T received the application pack a few days later, she called Paragon to say she couldn't understand why she needed to send them a further copy of the certified POA document, when Paragon already held this document on file. In response, the adviser explained she didn't need to resend that document, but she did need to complete and return the application form. At this point, Mrs T said she and Mrs D, had lost all faith in Paragon, so they decided to transfer her funds elsewhere.

Paragon then partially upheld the complaint as they said the customer service they provided fell below their usual high standard. To acknowledge this they made a £50 compensation payment by way of an apology. However, they didn't agree their process for opening the account was discriminatory. They said they only accept postal applications for POA accounts as this is a security measure designed to help protect their customers' funds. They also inform customers of the need to call them to start the process for opening a POA account on each relevant page of their website. So, they didn't agree they had failed to share correct information about this process.

Paragon also explained that once a POA account is opened, the attorney can use the same online facilities as everyone else. And, while they do need attorneys to complete the postal form for each new account, they don't require duplicate copies of the certified POA document to be supplied. They also said this information was stated in the covering letter of the application pack and detailed in the POA guide. But they acknowledged the fact, the application form itself does say that this information is needed. In the complaint notes provided to our service, they also said the requirement to call and request an application pack for each new account could be made clearer in the guide.

An investigator at our service then considered the complaint. He agreed with Paragon that they didn't do anything wrong by asking attorneys to follow their postal account opening process as a safeguarding measure. However, he felt they hadn't fairly acknowledged the distress their poor customer service had caused Mrs D. He therefore asked Paragon to pay her £100 compensation. He also said he couldn't direct Paragon to pay any compensation to Mrs T as she isn't an eligible complainant.

Mrs T accepted the investigator's opinion on Mrs D's behalf, but Paragon didn't. They said they weren't prepared to do anything more as they had followed all the correct processes and already paid a fair amount of compensation to reflect the upset that was caused by their customer service errors.

The investigator didn't change his opinion, so I've considered the complaint afresh.

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 would firstly like to pass on my condolences to Mrs T and her family. I'm very sorry for their loss, and the fact we weren't able to provide Mrs D with a final answer to her complaint before she passed away. However, I do hope this decision provides some form of closure in relation to this issue.

As I've already detailed, Mrs T accepted our investigator's opinion and Paragon have acknowledged they made some service errors. So, I have focussed this decision on deciding whether Paragon should reasonably do anything more to resolve this complaint. I also mean both sides no discourtesy, by only providing a brief background in the section above.

There is no dispute Paragon let Mrs D and Mrs T down in relation to the customer service they provided. The process for opening a new POA account should have been explained in a clear and simple way, and that wasn't the case here. I'm satisfied Paragon's call staff should reasonably have been aware of the correct process, and it shouldn't have required more than one short phone call to clearly explain it. I also think it would have helped Mrs T understand, if the adviser had been able to give a better explanation as to why she needed to follow the postal application process. For example, they could have highlighted the fact it was a security requirement and made it clear the POA document wouldn't need to be supplied again.

I also note that once the correct process had been established, Mrs T was left with the impression, her request for the application pack to be sent to her that evening using first class post would be approved. I don't think Paragon did anything wrong by not complying with that request, as it goes against their process, but it's clear, there was a lost opportunity to manage Mrs T's expectations in relation to this.

I've also reviewed the postal application pack and POA guide. I can see the covering letter

explains there is no need to resubmit the POA document, but I can understand why this pack and letter still caused confusion despite this. As the first sentence of the letter says *“Thank you for asking about registering a power of attorney for Mrs..”* and Mrs T hadn’t made any such enquiry. The enclosed application form also says *“To complete your application we need to see an original or certified copy of your Power of Attorney document.”* Paragon have since explained that the same form is used for everyone opening a new POA account, but Mrs T wasn’t aware of this, and I can see why it could have caused her concern.

I’m also mindful of the fact, by the time Mrs T read the covering letter, she had already received incorrect information and poor customer service about this matter as detailed above. So, while I appreciate other customers may have felt able to conclude a further copy of the POA document wasn’t needed, I can understand why Mrs T felt confused and uncertain. I can also appreciate the reasons she shared her concerns with Mrs D, given her active interest in the status of her accounts.

Mrs T hasn’t asked for any compensation to be paid to her personally and is aware that isn’t something I can direct Paragon to do. However, she has asked that they give more consideration to the impact this issue had on her mother. She’s explained that Mrs D was fully aware of all the problems she experienced whilst trying to open the new account, and she played an active role in deciding what happened to her funds. So, all the confusion and problems, made her feel like she had been treated unfairly and lost control over her money.

Paragon have accepted they provided poor customer service. However, Mrs D didn’t see it that way, she believed what Paragon did went beyond poor customer service. She felt discriminated against. I’m unable to make a finding as to whether Paragon did discriminate against her as only a court can do that. However, I can understand why Mrs D felt that way, and I have considered if she was treated fairly. I don’t think Paragon did anything wrong by applying a postal application process as a security measure. However, I do think they haven’t quite grasped how their customer service failings made Mrs D feel. So, I direct them to pay the estate £100 compensation to now fairly resolve this issue.

My final decision

I uphold this complaint and direct Paragon Bank PLC to pay the estate £100 compensation.

Under the rules of the Financial Ombudsman Service, I’m required to ask the estate of Mrs D to accept or reject this decision before **23 October** 2025.

Claire Greene
Ombudsman