

The complaint

Mr and Mrs M have complained about a secured (second charge) loan they hold. They say they're not challenging the existence of the original loan; they're just challenging the right of Paragon Bank Plc to enforce it without demonstrating legal title or compliance with data protection law. They're also unhappy that Paragon Bank has continued to chase payment to the loan, including instructing a field agent, when Mr and Mrs M say the loan is in dispute.

What happened

In August 2007, Mr and Mrs M took out an unregulated secured loan with a lender I will refer to as E. They borrowed £48,800 on a capital repayment basis over a term of 20 years. The loan has been in and out of arrears over the years, and Mr and Mrs M stopped making payment to the loan entirely in September 2024 at which point there was a balance of around £9,600 outstanding.

In 2013 the loan was transferred to a new lender, who I'll call lender S. Lender S appointed Paragon Finance Plc trading as Moorgate Loan Servicing to administer the loan on its behalf. Moorgate Loan Servicing wrote to Mr and Mrs M on 1 June 2013, informing them of this transfer.

In 2016 the loan was transferred again to a new lender, Paragon Bank Plc. Moorgate Loan Servicing remained the administrator for the loan and they wrote to Mr and Mrs M in April 2016, informing them once again of this transfer.

In November 2021 Moorgate Loan Servicing responded to a letter from Mr and Mrs M. It said the loan contract is a legally binding contract between Mr and Mrs M and Paragon Bank which is an enforceable agreement and, as such, it expected them to honour the terms and conditions under which the loan was offered.

In March 2025 Moorgate Loan Servicing responded to a complaint that a field agent had been appointed to visit Mr and Mrs M. It explained that the loan had been taken out with lender E and a legal charge was held over Mr and Mrs M's property. It said no payments had been made since September 2024 so the loan was in arrears, and until the debt was repaid in full the charge wouldn't be removed. It said it had been trying to contact Mr and Mrs M due to the missed payments, and it instructed a field agent to visit them because it had been unsuccessful in its contact attempts. It closed by saying it had already provided Mr and Mrs M with the evidence about the legal ownership and enforcement rights of the loan.

Mr and Mrs M then referred that complaint to us. They said that the loan was in dispute, Paragon Bank and Moorgate Loan Servicing hadn't provided any proof of ownership or legal entitlement to enforce the loan, and despite that they'd continued enforcement activity. They also raised issues around data protection.

Our investigator looked into the concerns raised by Mr and Mrs M and didn't uphold the complaint. As they disagreed, Mr and Mrs M asked for the complaint to be reviewed by an Ombudsman, so it has been passed to me to decide.

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'm conscious I've condensed the events of the complaint into rather less detail than the parties have presented them. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr and Mrs M have clearly done a lot of research into what they feel are relevant laws and legislation to support their complaint. Based on this they feel very strongly about matters. I understand Mr and Mrs M may want me to comment on the case law they have referred to but I won't be doing so as, not least, I've been unable to locate at least one of the cases as it isn't correctly cited, with the legal citation relating to a different case. The Financial Ombudsman Service is an informal alternative to the courts. It may be the courts would look at this matter differently, but my role is to concentrate on what I consider fair and reasonable. I've had regard for all Mr and Mrs M have said and sent us, alongside taking into account what the relevant law says too. Having done so, I can't see any reason that it would be fair or reasonable to uphold this complaint.

Mr and Mrs M have also made reference to MCOB and CONC, but neither of those are relevant considerations here as this is neither a regulated mortgage contract nor is it a loan covered under the Consumer Credit Act 1974 regulations. It is an unregulated credit agreement. Only loans not exceeding £25,000 were regulated under the Consumer Credit Act 1974 in August 2007 when this loan was taken out. As Mr and Mrs M borrowed £48,800 this always had to be an unregulated credit agreement. Those were the regulations at the time rather than this being something that was chosen to be done by the original lender to evade consumer protections as Mr and Mrs M have said was the case.

I am satisfied I have the jurisdiction to look at this complaint as although the issues complained about span a long period and three different lenders, I can still consider if anything that happened previously has led to the current relationship with Paragon Bank being unfair or not. Having considered everything very carefully I don't think Paragon Bank treated Mr and Mrs M unreasonably nor do I think the relationship is otherwise unfair, and I'll explain why below.

The right to transfer the loan was set out in section 15 of the loan terms and conditions (*'Transfers by us'*) and that says:

"You agree that we may at any time assign this Agreement and transfer

- 1) our rights and benefits, (including your liability to us) under this Agreement*
- 2) our duties and obligations under this Agreement, to any person without having to give you prior notice. If we do so this will not alter your obligations or your rights, including your rights under the General Law."*

I'm satisfied that Mr and Mrs M signed the loan agreement to agree that they'd received the terms and conditions, and that they would be bound by them. I'm also satisfied that under those terms and conditions lender E was entitled to transfer the loan to lender S, and then lender S was entitled to transfer the loan to Paragon Bank Plc without needing to seek Mr and Mrs M's permission and without requiring a new contract and documentation. I'm also satisfied that Mr and Mrs M did in fact borrow the money set out in the loan agreement and agreed to repay it in line with the terms and conditions they were given at the time.

Mr and Mrs M have said they've been left genuinely uncertain about who the creditor is. But I'm satisfied things have been made clear to them on each transfer:

- The original loan agreement was with lender E, and the loan agreement sets out the lender's full name.
- The letter dated 1 June 2013 said *"I am writing to advise you that your [lender E] loan account has been purchased by [lender S], and to welcome you to Moorgate Loan Servicing Limited who will be administering your loan on their behalf."* It explained the only change Mr and Mrs M would notice is that [lender S] would appear on their bank/building society statement. The letter said that *"Moorgate Loan Servicing is a trading style of Paragon Finance PLC"*. Mr and Mrs M have provided evidence from their bank account that the payment was collected by lender S, which is in line with what they were told would happen.
- The letter dated 4 April 2016 said *"We are writing to inform you that your [lender S] account, administered by Moorgate Loan Servicing, has been purchased by Paragon Bank PLC under its Paragon Personal Finance brand. Your account will continue to be managed by Moorgate Loan Servicing...."* It explained the only change Mr and Mrs M would notice is that Paragon Personal Finance would appear on their bank/building society statement. The letter again said that *"Moorgate Loan Servicing is a trading style of Paragon Finance PLC"*. Mr and Mrs M haven't provided evidence from their bank account for this payment, but they haven't disputed that it was collected by Paragon Personal Finance, which is in line with what they were told would happen.

Mr and Mrs M have said *"For three years, statutory statements carried no identifiable creditor"* and that the statements said 'Consumer Loan Servicing'. But I don't agree there was no identifiable creditor on the statements. The statements dated 18 August 2014 and 17 August 2015 both said *"Company Name: Moorgate Loan Servicing Limited for and on behalf of [lender S]."* The mention of 'Consumer Loan Servicing' related to the department that issued the statement, and the original versions would have been on headed paper (whereas the copies provided as part of the subject access request were on plain paper due to them being printed off the system as part of that).

Mr and Mrs M had been told back in 2013 that the loan was owned by lender S and was being administered by Moorgate Loan Servicing Limited (which was a trading style of Paragon Finance Plc) hence why Paragon was mentioned in the period before the debt was passed from lender S to Paragon Bank Plc.

They've also said *"Three identities in one statutory notice: Paragon Bank PLC (body), Paragon Finance PLC (footer), Moorgate (signatory)."* But as I've explained above, from 28 April 2016 the business that owned the debt was Paragon Bank Plc, and it was being administered by Moorgate Loan Servicing which was a trading style of Paragon Finance Plc, which is the reason all three were mentioned.

I'm satisfied Mr and Mrs M received the April 2016 letter from Moorgate Loan Servicing which explained the mortgage was being transferred from lender S to Paragon Bank PLC, as they have referred to this. Mr and Mrs M have questioned whether the 2016 letter is sufficient under s136 and s196 of the Law of Property Act 1925. The letter in question confirmed:

- "The transfer assigns all of [lender S's] rights, title, interest and benefit in respect of the above referenced loan account (including the outstanding balance) to Paragon Bank PLC."
- "Your account will continue to be managed by Moorgate Loan Servicing and therefore

this sale will have minimal impact on your day-to-day account management. The transfer will take place on 25 April and you should continue to use your account number in all future contact with us.”

- “Please be assured this change will not affect the service you receive in any way. The only change you will notice is that with effect from 28 April, Paragon Bank PLC trading as Paragon Personal Finance will collect your Direct Debits instead of [lender S] and therefore Paragon Personal Finance will appear on your bank/building society statement.”
- “Under the Data Protection Act 1998, Paragon Bank PLC will now be a Data Controller of the personal information which is held in relation to your account. They will continue to use your personal information for the same purposes as were previously notified to you by Moorgate Loan Servicing on behalf of [lender S].”

The letter was issued just over three weeks before the transfer took place and was sent to Mr and Mrs M’s correct address quoting their loan account number as it was at that time.

Whether or not the letter meets the exact requirements of the Act is a matter for the courts. In terms of my fair and reasonable remit, I’m satisfied that letter contained all the information Mr and Mrs M required - and it was sent at the time - so they were aware of the change in owner of the loan and the continuance of Moorgate Loan Servicing as administrator.

I appreciate Mr and Mrs M doubt Paragon Bank Plc’s entitlement to claim a debt from them (with Paragon Finance Plc trading as Moorgate Loan Servicing acting on behalf of Paragon Bank Plc). Whether that be because the loan has transferred from lender to lender, or because of the original charge date showing on the Land Registry. The business is equally firm that Mr and Mrs M have an obligation to repay the substantial sum of money they borrowed. If Mr and Mrs M wish to dispute the entitlement of Paragon Bank Plc (with Paragon Finance Plc trading as Moorgate Loan Servicing acting on its behalf) to claim a debt from them on the basis that the contract is technically enforceable as a matter of law, they will need to do so through the courts. I have no power to make findings on whether a contract is legally enforceable. But I can decide whether it is fair and reasonable for Paragon Bank Plc to ask Moorgate Loan Servicing to collect payments from Mr and Mrs M and to expect them to make those payments.

It isn’t in dispute that Mr and Mrs M took out the loan secured against their property, and the transaction history shows this debt hasn’t been repaid. The loan term wasn’t due to end until 2027 (if all payments were made in full and on time, which they haven’t been) and by Mr and Mrs M’s own admission they say they’ve only made payments totalling £47,929 (to be clear, I’ve not checked Mr and Mrs M’s calculations), which isn’t even enough to repay the amount they borrowed (which was £48,800) let alone any interest due on that amount. Based on the original loan agreement, if all payments were made in full and on time, and the interest rate remained the same, Mr and Mrs M would need to pay just under £96,000 over the full term of the loan (240 months at £399.74 a month); that’s the contract they entered into.

Mr and Mrs M haven’t repaid the debt and therefore taking into account everything I’ve set out above, and my remit to decide cases on the basis of what is fair and reasonable, there are no grounds for me to say the debt shouldn’t fairly be pursued by Paragon Bank Plc (with Paragon Finance Plc trading as Moorgate Loan Servicing acting on its behalf). I appreciate that Mr and Mrs M feel differently, however, I don’t have any power to decide whether or not a loan contract is valid or not or whether any transfers have been undertaken in accordance with the law; only a court can do so.

I understand that Mr and Mrs M consider the account as in dispute, but an account can’t stay in dispute indefinitely as that would be open to abuse, with the potential for disputes being

used as a way to get interest and payments frozen, and adverse credit reference information stopped. I'm not saying that is the case here, I'm simply explaining why that isn't a tenable option. The business feels it responded to Mr and Mrs M's questions about its rights to the debt as far as it could, the fact Mr and Mrs M didn't accept its responses doesn't alter that. There's no right to have a loan suspended while a borrower disputes it, and I'm satisfied Paragon Finance Plc has shown it was fair and reasonable to expect Mr and Mrs M to make payments during this time. I'm satisfied the information was clear about which business owned the debt at the relevant times, and Mr and Mrs M's loan contract allowed the debt to be transferred.

I appreciate Mr and Mrs M's beliefs are strongly held, and I'm sorry that it seems they may have been taken in by theories that claim they can help when, in fact, adhering to these theories simply results in arrears and financial difficulties. It is not too late for Mr and Mrs M to resolve the situation. However, given that there are arrears on the loan, if Mr and Mrs M are unable or unwilling to reach a payment arrangement, Paragon Bank Plc (with Paragon Finance Plc trading as Moorgate Loan Servicing acting on its behalf) may decide to commence legal action. If this should happen Mr and Mrs M will then be free to raise in court all the points they've raised with us about why they consider Paragon Bank Plc may not have an entitlement to this debt unless it provides the things Mr and Mrs M have asked for. But as the costs of any action would be added to their debt if their arguments are unsuccessful, I would strongly recommend they seek legal advice before doing so.

I understand Mr and Mrs M feel a field agent shouldn't have been sent to visit them, saying it was distressing, unjustified and may constitute harassment and a violation of their rights under the Human Rights Act.

Secured loan arrears are always a sensitive matter and I can understand Mr and Mrs M would feel uncomfortable being visited at their home about that. But field agent visits are a necessary – and sometimes valuable – tool in dealing with arrears. Having considered everything, I'm satisfied the decision to arrange for a field agent to visit Mr and Mrs M at home wasn't inappropriate as they weren't making their payments and their questions about the ownership of the debt had been answered over the years. And in any case Paragon and its agents aren't public bodies and so not subject to the Human Rights Act.

Mr and Mrs M have raised concerns around how their data has been used and how it was supplied to them in a data subject access request they made.

The use of Mr and Mrs M's information was included in the original loan terms and conditions with those saying:

"We will give the information (whether held electronically or in manual form) which we hold from time to time about you, this Agreement and your conduct of it (including the payments you make under it and any default or failure to keep to its terms) to

[...]

- 3 Any agent acting on our [...] behalf, as may be necessary for administration of your account, enforcement, or settlement. [...]*
- 4 Any proposed assignee, transferee or chargee of our interest under this Agreement including their insurers and advisers."*

I'm satisfied, from this, that it's likely a court would find that Paragon Bank Plc and Paragon Finance Plc trading as Moorgate Loan Servicing had a lawful basis for processing Mr and Mrs M's data and had obtained it from the previous lender(s) as the loan terms and conditions said could happen. It also had the right to pass information to the field agent as part of its instruction.

I understand Mr and Mrs M are also dissatisfied with the content and layout of the information they were sent following their subject access request. Whether a business has complied with its legal obligations is a question for the Information Commissioner's Office ("ICO"). The Financial Ombudsman Service doesn't police data protection law, nor can we audit a business's systems to ensure it has provided everything it has to. The Financial Ombudsman Service deals with the provision of financial services. As part of that, I'd expect a business to deal with requests for information and provide them with what it can. As I say, enforcement of data protection law is a matter for the ICO. I've not seen any evidence that the business has withheld information Mr and Mrs M are entitled to. But even if it had, that wouldn't mean I award compensation or tell the business it can't collect the loan.

If Mr and Mrs M believe the business has breached data protection law, they might want to raise that with the ICO¹. Mr and Mrs M have requested we do so for them, but that's not our role. If Mr and Mrs M feel they have valid concerns to raise with the ICO then they will need to do that themselves.

Having considered everything, I'm not persuaded Paragon Bank has treated Mr and Mrs M unreasonably nor do I think the relationship is otherwise unfair

Mr and Mrs M don't have to accept my conclusions, and if they don't, then they will not be bound by my final decision. If Mr and Mrs M feel there are legal challenges to be made here then they are free to take matters to court or to raise these arguments if the business takes it to court, but before they do so they may wish to seek specialist professional legal advice. As far as the Financial Ombudsman Service is concerned, I don't uphold Mr and Mrs M's complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 10 March 2026.

Julia Meadows

Ombudsman

¹ <https://ico.org.uk/>