

## **The complaint**

Mrs G is unhappy about the actions taken by Paragon Bank Plc when she wanted to transfer into a new Instant Access account (ISA) with another bank.

She said she has also had some issues registering a Power of Attorney (POA) that her son has on her behalf.

Mr G is representing Mrs G on this complaint but for ease, I will refer to Mrs G throughout the decision.

## **What happened**

Mrs G has an account with Paragon and she said she provided instructions on 23 July 2025 to transfer the funds from a maturing account, which matured on 5 August 2025, to a nominated account she held elsewhere.

The transfer was made on this day, but the funds were returned by the bank to Paragon. Mrs G complained to Paragon on 10 August 2025 that the funds had disappeared. She also said that her son had POA and she wanted Paragon to call him to explain what had happened. Mrs G said her online account showed zero funds and she was very worried as she didn't know where her money was. She said the funds totalled an amount of £37,300.

Mrs G said Paragon responded 17 days later by post totally ignoring how urgent the complaint was. She said there was a period of 22 days where she did not know where the money was and complete silence from Paragon. Paragon upheld the complaint and offered £75 in compensation.

Mrs G complained again on 19 September 2025 to say that the POA registration request was ignored, and she wasn't happy with the amount of compensation that was offered. Paragon upheld the complaint again and offered £50.

Mrs G explains she is out of pocket due to Paragon's negligence as the funds were going to secure 5.4% in a one-year fixed rate and the funds have been left in a saver account paying 1.5%.

Mrs G would like a higher amount of compensation to reflect the amount of time they didn't know where the funds were and loss of interest for the time she was unable to invest that money into the bond.

Paragon issued their final response letter on the matter and said funds were returned as the nominated bank account was closed so they didn't make any error as that was the bank that Mrs G had nominated. But they did accept there was a delay in reallocating the funds from their suspense account which is where the money was returned to. So they moved the money to an easy access account between the maturity date of 5 August 2025 and 26 August 2025.

Mrs G wasn't happy, so she brought her complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator thought the amount that Paragon had offered was fair. She said that Paragon had asked Mrs G to complete a "nomination of bank account" form to get the account changed and were entitled to do this. She also said that Paragon wouldn't call Mrs G's son as this wasn't part of their process, but

he could call Paragon to register the POA. She didn't think they had done anything wrong in that respect.

Mrs G disagreed and said she wants more compensation as she didn't know where the money was for three weeks. She also said that she has lost interest on the new account she was meant to open. She also wasn't happy that Paragon had certain requirements regarding the nominated bank account form and POA procedures.

As Mrs G didn't agree, she asked for the complaint to be reviewed by an Ombudsman, so it's 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've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mrs G. But I hope the reasons I have set out below will help her to understand why I have come to this conclusion.

Mrs G had a bond that was maturing with Paragon, and she wanted the money transferred to a different bank so that she could open a new account. Mrs G gave Paragon details of the account she wanted the money transferred into. Mrs G also applied for a current account switch so when Paragon sent the money to her bank account on 5 August 2025 – the day of maturity of the bond – the money was returned because her current account was closed.

Because Mrs G didn't hold an open account with Paragon that the money could be transferred into, the funds which totalled £37,321.49 went into a suspense account. Mrs G contacted Paragon on 10 August 2025 not knowing where her funds were. She complained on this day but Paragon didn't send their response on the matter until 27 August 2025. Mrs G said she was very worried for three weeks as she didn't know where her money was.

Paragon apologised for not letting Mrs G know sooner and agreed to open a new savings account for her to put the money back into, and they backdated the interest to 5 August 2025 because of their delay. They also offered Mrs G £75.

Mrs G asked Paragon to send the money to her new current account, but Paragon explained to Mrs G that she needed to complete a new bank account nomination form and they asked her to provide them with a recent bank statement before they can change the account.

Mrs G sent Paragon the nomination of bank account form, but she didn't provide a statement. Instead, she sent in a screenshot of her online account, but Paragon said this wasn't accepted as it's not in line with what they would expect. They issued another letter to Mrs G on 17 September 2025 explaining this after she complained about that. Mrs G said that Paragon asking for a bank statement is in violation of General Data Protection Regulation (GDPR) so she didn't want to send it. Paragon sent Mrs G another letter dated 7 October 2025 explaining why they were not breaching GDPR and why they needed Mrs G to send in a bank statement. They also gave her the option of redacting any information she didn't want them to see.

I think having considered everything very carefully, I think that Paragon have acted fairly in this situation. There isn't any doubt here that they did delay letting Mrs G know where her money was and I do understand how worrying this must have been for her. But I think it's fair that they opened a new account and backdated the interest to 5 August 2025 which is in line with what we would expect. However, I don't think they did anything wrong with where they sent the money originally as they sent it to the bank account that Mrs G nominated and they were unaware that it had been closed until Mrs G contacted them on 10 August 2025.

I understand that Mrs G would like the interest refunded to her for the loss of days that she's been unable to invest into her new account, but I don't think that's a reasonable request. The reason I say this is because Mrs G was told to complete a nomination form and send in a bank statement so that Paragon could change the nominated account to send the money to – but Mrs G hasn't done this. I don't think their request is unreasonable and in order to comply with security and their guidelines, I can understand why they have asked for this. So, Paragon are not in a position where they can send the money over to Mrs G's new bank account as she still isn't complying with them.

I think what Paragon have offered in terms of refunding the interest to the new account and the £75 for this is fair and reasonable in the circumstances of this complaint.

Regarding the POA, I understand that Mrs G wanted Paragon to contact her son who has POA. Paragon said they were unable to do this as they couldn't ring someone that wasn't on the account. They required Mrs G's son to contact them so they could register his details as POA. I note that Paragon didn't deal with this and respond to Mrs G about this as soon as they could have done, so they offered her £50. I think this is also fair and reasonable, and I don't think that Paragon have been unfair in wanting Mrs G's son to contact them in order to comply with their own process. So I won't be asking them to do anything further about this.

I know that Mrs G will be disappointed with my decision, but I hope the reasons I have given will reassure her. If she would like to continue with the process of transferring her money, then Mrs G will need to send in the bank statement as has been requested by Paragon.

### **My final decision**

For the reasons given above, I think that what Paragon Bank Plc has offered is fair and reasonable and they should pay Mrs G the £125 if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 6 January 2026.

Maria Drury  
**Ombudsman**