

The complaint

Mrs D complains that Paragon Bank Plc misled her into transferring money into an incorrect account.

What happened

Mrs D says she received an e-mail from Paragon in March 2024 about an Individual Savings Account (ISA). She says she followed the link and transferred her existing ISA account into what she was led to believe was a new ISA account. Mrs D later found out the new account was not an ISA but a fixed one-year bond. She says she was not given a warning by Paragon, and her money has lost its tax-free status. Mrs D would like compensation for what took place.

Paragon doesn't accept making a mistake and says Mrs D agreed to the account terms and conditions which were for a one-year year bond not an ISA. It says Mrs D would have received a warning before transferring money from an ISA.

Mrs D brought her complaint to us and our investigator didn't uphold the complaint. The investigator thought Paragon had sent Mrs D product information which made no mention of the account being an ISA but accepted that she didn't receive the warning.

Mrs D doesn't accept that view and says in summary the link in Paragon's e-mail took her to an incorrect page. She says she was misled and there was nothing to suggest the account she opened wasn't an ISA.

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.

Having done so I have come to the overall conclusion that I don't uphold this complaint. I appreciate that Mrs D will be disappointed by my decision, and I accept that she had no intention of moving her money out of an ISA. But I can't fairly hold Paragon responsible for what took place.

I am satisfied that Mrs D must have decided to take advantage of a higher interest rate ISA that Paragon sent her details of in March 2024. I think the link contained in the e-mail took Mrs D to an overview of the available Paragon accounts which included various types of ISA's and fixed savings accounts. There is no dispute here that Mrs D opened a fixed one-year bond, but I am satisfied that she opened that account without any advice from Paragon. I have made clear I accept that was a mistake, but I can't hold Paragon responsible for a customer opening the wrong account. I have not seen any evidence that the account Mrs D must have opened was incorrectly marked as an ISA account and think there were a number of different accounts customers could chose from. The position of course would be different if Mrs D had asked Paragon to open an ISA, but it opened a savings account.

I appreciate Mrs D questions why the link took her to all the accounts, but I have made clear

I find each account was marked and that ultimately customers are responsible for opening the account they want.

I accept that Mrs D didn't receive a warning, but we are not Paragon's regulator and so it's not our role to direct a business to provide one. I can see Mrs D was given the account terms and conditions which made no mention of the account being an ISA and appear to describe the account as a "fixed rate savings account". So, I think it ought to have been reasonably clear from those terms and conditions that the account opened was not an ISA and that ISA terms and conditions would have the usual tax warnings which I can see Mrs D was familiar with.

Overall, I am satisfied that Mrs D opened the account and that Paragon followed her instructions. It follows that I can't direct Paragon in those circumstances to pay compensation.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 28 February 2026.

David Singh
Ombudsman