

The complaint

Mrs T complains that Paragon Bank Plc didn't provide clear information when she was transferring funds from her Individual Savings Account (ISA) to a new product in 2022.

Mrs T is represented in bringing this complaint by Mr T.

What happened

In November 2022, Mrs T opened a Paragon 1-year Fixed Rate Bond account. In doing so, she transferred funds from her Triple Access ISA (also held with Paragon) into the new account. A year later, Paragon was instructed to reinvest the funds into a 1-year Fixed Rate Loyalty Bond.

In 2024, Mrs T became aware that the accounts opened in 2022 and 2023 were non-ISA products and the funds she had transferred out of her Triple Access ISA in 2022 had lost the tax-free status.

Mr T complained to Paragon on Mrs T's behalf saying that Paragon hadn't made it clear – in November 2022, that Mrs T's funds were being moved to a non-ISA product – despite him calling Paragon to discuss the transfer. Mr T also said that Paragon didn't make it clear in calls made to Paragon in July 2023 that Mrs T's account was non-ISA account.

Paragon didn't agree that it had done something wrong. It said it had no record of a phone call from November 2022 and that the account opening and the transfer of funds had been completed online.

It went on to explain that on its website it separated its ISA products from standard savings accounts and the word 'ISA' was incorporated in the name of all its ISA products to differentiate them from standard savings accounts. It added that the product terms and conditions – which Mrs T accepted during the account opening process, also explained the type of account her funds were being transferred to.

So, Paragon didn't agree that it wasn't responsible for the type of account Mrs T had opened or the tax she had now incurred/would incur on the interest earned.

Mrs T was unhappy with Paragon's response, so the complaint was referred to this service by Mr T. In doing so, he stressed that the telephone calls between Paragon and himself - on 4 July 2023, was central to Mrs T's complaint.

One of our investigators looked into what had happened, but she didn't think that Paragon had made any errors or treated Mrs T unfairly. In summary, she said that in 2022 Mrs T had opened the 1-year Fixed Rate Bond account online and that Paragon's communication relating to the new accounts opened in 2022 and 2023 didn't suggest they were ISAs. She acknowledged the telephone conversations Mr T had had with Paragon on 4 July 2023, but she didn't think this impacted the outcome of the complaint as Paragon had subsequently written to Mr T on 13 July 2023 and it made no reference to Mrs T's account being an ISA.

Mr T disagreed saying – in summary, that:

- Emails received after the account had been opened, made no reference to the account being a non-ISA product.
- When transferring funds out of ISAs with other providers, there has been a clear warning that the ISA status would be lost but Paragon had not provided a warning.
- The telephone calls he'd had with Paragon on 4 July 2023 are central to the complaint and he felt the calls had been overlooked.

Mr T asked for an Ombudsman to review the complaint. 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.

Both Mr and Mrs T's frustration is very clear here. So, while I've only summarised what happened above, I want to reassure them that I have considered all they have said and provided about what happened and that Mrs T's complaint has been reviewed independently from a similar complaint referred to this service about Mr T's own account. But, as our service is independent and impartial, I also have to consider what Paragon has said and provided too.

I can't know for certain what exactly Mrs T saw when opening the 1-year Fixed Rate Bond account in November 2022. So, I have to rely on the evidence that is available to decide what's more likely than not to have happened.

The investigator has previously provided screenshots of what Paragon has said Mrs T would have seen during the process of opening and moving her funds to the new account, so I won't provide those screenshots again here. But having reviewed them, I'm satisfied they show: the 1-year Fixed Rate Bond was opened online; the different types of account Paragon offered; Cash ISAs, Fixed Rates and Access accounts were presented under separate tabs; and that Mrs T would have been required to click onto the tab for the type of account she wanted to open. I'm also satisfied that the information about the accounts contained under the 'Fixed Rate' tab made no mention of these accounts being ISAs.

Furthermore, I've seen that Paragon issued emails and an online secure message which included the relevant terms and conditions of the 1-year Fixed Rate Bond account. While I accept Mr T's point that this communication made no reference to the funds having been transferred to a non-ISA product, I'm satisfied the correspondence didn't refer to the account as being ISA either - which is what I would have expected had the account been an ISA.

Overall, while I don't doubt that Mrs T believed she had opened a new ISA, I'm persuaded she instructed Paragon to open the 1-year Fixed Rate Bond – all be it most likely by mistake. And that this account wasn't an ISA. Furthermore, in relation to both the account opened in 2022 and the subsequent account opened in 2023, I haven't seen anything that makes me think that they were opened because of any unclear or ambiguous information provided Paragon. Rather, I find the account transfer process to be clear and consistent about the type of Fixed Rate Bond account being opened.

I accept it's possible that, at the time Mrs T opened the 1-year Fixed Rate Bond account in 2022, Paragon didn't provide a warning that she was transferring her money out of an ISA. And I understand it has now built that kind of warning into its systems. But Paragon wasn't under any obligation to provide such a message in 2022. In any event, as explained above, I

find it provided sufficient information to Mrs T to show her what type of account had been opened. And by November 2023 the transfer of funds was being made between two non-ISA products so such a warning would not have been applicable.

I know Mr T feels that the telephone calls he had with Paragon on 4 July 2023 are central to the outcome of this complaint. So, I have listened to the call recordings. But, having done so, I agree with the investigator that those calls don't change the outcome of this complaint. I know Mr T feels strongly about this, so I'll explain why.

The purpose of Mr T's contact with Paragon on 4 July 2023 was to discuss another complaint he'd raised about his and Mrs T's accounts. Mr T has acknowledged that in the first call the Paragon staff member said that the 1-year Fixed Rate Bond account wasn't an ISA and that he didn't disagree with this at the time. But I accept that the second call shows Mr T called Paragon again to explain he thought the original staff member had made a mistake as the accounts were ISAs and that, in resolution to that complaint, the accounts needed to be transferred to a new provider. The second call also confirms that while Mr T was unable to speak with the original staff member, he was assured that the message would be passed on.

Mr T's contention is that because he didn't receive a call back from Paragon, he and Mrs T assumed that it had accepted the 1-year Fixed Rate Bond was an ISA. And that if Paragon had called back to clarify the status of Mrs T's account, she would have taken steps to mitigate any loss. So, I've thought carefully about this.

I accept that the second Paragon staff member could have checked the status of Mrs T's account while Mr T was on the phone. Instead, she agreed to pass Mr T's message on. I can't be sure if that message was passed on or not. But I've seen that Paragon wrote to Mr T on 13 July 2023. And I'm persuaded that this letter supersedes the telephone calls on 4 July 2023.

The letter dated 13 July 2023 was sent in response to the on-going complaint Mr T had been discussing in the calls on 4 July 2023. And that the letter made no mention of Mr T's assertion that Mrs T's account was an ISA. Given the above circumstances and Mr T's believe that the staff member had made a mistake in the call on 4 July 2023 and the letter making no reference to his subsequent call, I think it would have been reasonable for him or Mrs T to have followed this up to mitigate any loss. But I've not seen anything to suggest they did so at this point or when the funds were reinvested in November 2023.

I acknowledge both Mr and Mrs T will be disappointed with my decision as I can appreciate finding out that Mrs T's money had lost its ISA status has been upsetting and there are financial implications.

But, overall, I've found that Paragon provided enough sufficiently clear information when the 1-year Fixed Rate Bond account was opened in November 2022. And that the letter dated 13 July 2023 supersedes to telephone calls of 4 July 2023. So, I won't be telling Paragon to take any further action in respect of this complaint.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 9 March 2026.

Sandra Greene

Ombudsman