

complaint

Mr K complains about the customer service he received from Paragon Bank Plc in relation to the closure of his account.

background

Mr K says he applied for a two year bond in May 2016, and was told his application had been successful. The account was opened and a welcome pack sent. So he made transfers into the account. Then Paragon told him it had closed his account. But it continued to send him written requests for more money. So he thought his account hadn't been closed. And he transferred more money into it. But his payments were rejected, and his money was returned to him.

Paragon told Mr K he didn't satisfy its "risk appetite". It took this view because a Credit Industry Fraud Avoidance System (CIFAS) marker had been put on his credit file. Mr K says this happened because he was the innocent victim of fraud. So it isn't fair that he should be adversely affected by this. He thinks Paragon should've discussed the matter with him before deciding to close his account.

Amongst other things, Mr K complains that:

- Paragon closed his account without giving him the required notice.
- Paragon gave him contradictory information about whether the account had been closed.
- Paragon should've considered whether he satisfied its "risk appetite" before it opened his account.
- Paragon failed to understand his complaint and handled it poorly.

Our adjudicator didn't think Mr K's complaint should be upheld. She could see why Mr K was unhappy about what had happened. But she thought that Paragon was entitled to carry out further checks after it had opened Mr K's account. And those checks showed the CIFAS marker. She appreciated what Mr K has told us about why he doesn't think it's fair that he should be affected by that. And why he thinks that Paragon should've contacted him before it closed his account. But she said it wasn't required to do this. Given the CIFAS entry Paragon was entitled to decide to close his account without notice. And it isn't for our service to interfere with Paragon's commercial decisions.

Mr K disagreed with the adjudicator. So I've been asked to review this complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And I agree with the conclusion our adjudicator has reached. I'll explain why.

Like the adjudicator I appreciate why Mr K is so unhappy about what happened. He thinks Paragon should've carried out all the checks it needed to before it opened his account. If that had happened it would've seen the CIFAS entry before he transferred money into the account. I can see where he's coming from on this point. But it's not for me to comment on Paragon's procedures. That's because my role is to try to resolve individual complaints. It isn't to act as Paragon's regulator. But I do think that Paragon was entitled to carry out the checks it did. And it was entitled to act on the information it got from those checks.

Mr K says he has been the innocent victim of a fraud. So he isn't responsible for the CIFAS marker. And if Paragon had spoken to him before it closed his account he could've explained and provided identification. Again, I can see the point he is making here. But Paragon wasn't required to speak to him before it decided to close his account. That's because the relevant terms and conditions allowed it to close his account without notice in "exceptional circumstances". I appreciate that Mr K doesn't think CIFAS marker amounted to exceptional circumstances. But I disagree. I understand why Paragon acted as it did.

Mr K is also unhappy about Paragon's customer service. He says Paragon is inexperienced. And he says it acted without due care.

I can see that Mr K spoke to Paragon on 20 May 2016 after he had tried (and failed) to make two payments into the account. There's no dispute that Mr K was told that his account had been closed on this call. So I think he knew Paragon's position – even if he didn't agree with it. He was told he could make a complaint. And he did this. The next day Mr K tried (and failed) to make two more payments into the account. He says he did this because he received two confusing emails regarding rejected payments. The wording of these emails made him think his complaint had been dealt with and his account had been re-opened.

I think it's unfortunate that these emails were sent. It seems they were automated emails that referred to the payments that were rejected on 20 May 2016. But I don't think it would be fair for me to require Paragon to compensate Mr K for them. That's because I don't think the wording suggested that his complaint had been dealt with and his account had been re-opened. In any event, I can see that the money Mr K tried to transfer into the account was returned to him promptly. So he wasn't deprived of his money for long. I appreciate that Mr K has told us that his damages come to around £1,500. But he hasn't told us how he has come to this figure. And I can't see that he has lost out on that amount from the available information.

It follows that for the reasons set out above, I don't uphold this complaint.

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 Mr K to accept or reject my decision before 30 August 2016.

Laura Forster
ombudsman