

## **complaint**

Mr L complains that Paragon Bank Plc did not accept the counter cheque he sent to fund his account.

## **background**

Mr L opened an account with Paragon online on 31 July 2017. He was told that he needed to fund the account within 14 days in order to get the interest rate that he had been shown. He says that the information he received said he could fund the account by cheque so he arranged this with his building society and says his cheque arrived with the bank on 2 August. He then contacted the bank as his account had not been funded and says that he was told he had sent a bankers draft and this could not be accepted. Mr L disputed this was the case but the cheque was returned to him.

Mr L says he returned to his building society and once his cheque had been cancelled he funded his account through another route. Mr L contacted the bank to raise his complaint saying he had lost interest because of the issue with the cheque. He received a reply saying he had used a third party cheque. He contacted the bank again saying the cheque was not a third party cheque and that had a personal cheque been required this should have been made clear. He says he has complied with the account terms and conditions and so should receive a refund of the lost interest.

Paragon says that the cheque it received did not come from Mr L's nominated account. It says that because the sort code and account number on the cheque did not match the sort code and account number on Mr L's nominated account it could not bank the cheque. Paragon says that its documentation is clear that it cannot accept third party payments and that this was a third party payment.

Paragon has also noted that the lost interest Mr L has referred to should be three days.

Our adjudicator did not uphold this complaint. She said that when opening the account by cheque this needed to be from Mr L's nominated account. As the account number and sort code on the cheque Mr L sent did not match those on his nominated account she didn't think Paragon did anything wrong by returning the cheque. She said that she wouldn't expect the account terms and conditions to list every payment method that's included beyond brief notes of common acceptable forms.

Mr L did not accept our adjudicator's view. He said that the terms and conditions set out what could not be accepted in regard to funding the account and that had a cheque needed to be a personal cheque this should have been explained. He said that the terms did not exclude counter cheques. He also noted that Paragon had accepted the wording could have been clearer in its letter.

Mr L says that the terms set out that for funding by cheque the deposit must come from the nominated account. Mr L says he did this.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can understand why Mr L is upset that the cheque he sent to fund his account was returned to him and why he wants to receive the lost interest which Paragon has noted is three days. However, for me to decide that Paragon has to do anything to settle this complaint I have to be satisfied that it did something wrong.

I have looked through the account terms and conditions and these say that the account can be funded by cheque and that this cheque must from Mr L's nominated account. I have looked at the definition of nominated account and it says it means the UK current account in the customer's name of which details were given during application. It further explains that all payments must come from this account and if a payment is made from another account it may be returned.

It is clear in the terms that payments need to come from the nominated account. Mr L sent a counter cheque to fund his account and believed this should have been acceptable as it would be drawing on funds from his nominated account. Paragon initially returned the cheque saying it was a banker's draft which was not correct. It then said that the cheque was a third party payment which was also not acceptable.

I understand why the counter cheque was not accepted as the account number and sort code were not the same as those recorded for Mr L's nominated account. However, I also appreciate why Mr L is frustrated by this issue as I understand that the counter cheque would have drawn on his nominated account.

I note the comments made about the information included in the account terms and conditions about acceptable methods of payments and I accept that it is not clear in regard to a counter cheque. However, it is clear that third party payments will not be accepted and that the payment must come from the nominated account.

On balance, while I have sympathy with Mr L's argument I do not find that Paragon acted unreasonably by returning Mr L's cheque.

Paragon wrongly referred to the payment as a banker's draft. I don't think that this had a material effect on Mr L. Mr L waited for the cheque to be returned to his account before making an alternative payment which was accepted. Paragon did accept that the cheque was not a banker's draft but said it was a third party payment which was also not acceptable.

I do not find that I have enough evidence to uphold this complaint. However, given the low amount of the lost interest and the points raised by Mr L, I think that Paragon missed a clear opportunity to resolve this complaint before it reached this service.

**my final decision**

My final decision is that I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 March 2018.

Jane Archer  
**ombudsman**