

The complaint

Miss T complains about the customer service she received from Paragon Bank Plc ("Paragon") in relation to a fixed rate savings account that she opened.

What happened

On 31 March 2023, Miss T opened a one-year fixed rate savings account and deposited £10,000 into it on the same day. Miss T says she checked the Paragon account shortly after making the deposit, but she couldn't see the account had been credited with the £10,000.

Miss T contacted Paragon later the same day to find out how long it would take for the £10,000 to be deposited into the fixed rate bond. Miss T made a further call that day where she said she'd changed her mind and wanted the deposit to be reversed back into her nominated account as she wanted to deposit this amount elsewhere.

Miss T says she was first told the deposit was being held by Paragon as there was a discrepancy in her surname on the payment details, so the funds couldn't be returned until this issue had been reviewed by head office. But then Miss T was told during another call that her funds could in fact be returned. Paragon's notes show that as the payment had already been referred due to the surname issue, the funds couldn't have been returned.

Miss T also says she was told it was guaranteed she'd receive her money back on 3 April 2023, but this didn't happen. Instead, the £10,000 was deposited into the Paragon account (which Miss T said she didn't want to happen) and Miss T didn't receive this back into her nominated account until 4 April 2023.

Overall, Miss T says Paragon took no accountability for the incorrect information she was told on more than one occasion. And that she called and emailed Paragon multiple times between 31 March 2023 to 3 April 2023, to try and find out where her money had gone. But she said she was told different things – which made her concerned about where the £10,000 was.

Miss T also says she considered herself to be vulnerable as she wasn't working at the time and that Paragon ought to have taken this into account. Miss T acknowledged Paragon upheld her complaint and offered her compensation. But she said she doesn't feel this compensation is a fair reflection of the upset and distress caused. So, Miss T has asked for more compensation, although she hasn't said how much she'd like.

Miss T said she lost out on interest on the account with another bank that she wanted to put the money in. But she said as it was such a small amount, she's not included it as part of her investigation. So, I've not commented on this further in my decision.

Paragon explained to Miss T that due to her surname appearing in a condensed format on their system, this meant their automatic payment reading system couldn't automatically allocate the money to Miss T's Paragon account. Paragon provided evidence showing how Miss T's surname appeared in a condensed format.

Paragon also went on to explain that when this happens, the payment is referred for manual review and queued for intervention – this process is normally completed within one working day which is why the payment was later accepted and allocated to the savings account on 3 April 2023. Paragon said they had to verify that the account provided was in Miss T's name and that if a payment comes in not reflecting that name, it will be flagged for a further review. To put things right, Paragon:

- Apologised to Miss T for giving her the incorrect information,
- Acknowledged that they hadn't taken ownership of the issue and also apologised for the poor service Miss T received. Paragon said this could have been alleviated by them arranging call backs and keeping Miss T updated with regards to the progress,
- Sent Miss T a cheque for £75.00 as compensation,
- Accepted Miss T's request to have the money returned to her, even though they don't usually offer a cooling off period on their bonds and provided evidence to show they returned Miss T's money with interest paid on 4 April 2023,
- Said they would arrange for further training to be given to their telephony staff to prevent a reoccurrence like this.

Our Investigator looked into Miss T's concerns. In summary, she acknowledged Miss T was given different information when she contacted Paragon which was frustrating for her. But that Miss T was aware her payment was on hold and that there wasn't enough evidence to suggest the payment had gone missing. Our investigator said that while there were some errors made on Paragon's part, they had rectified things within a short amount of time. So, overall, our Investigator said the offer made by Paragon to resolve Miss T's complaint was fair. And she didn't ask them to do anything more to put things right.

Miss T disagreed. In summary, she said regardless of how quickly the issue was resolved, the whole experience was stressful and inconvenient. Miss T also reiterated she was told she was guaranteed to receive her money, which didn't happen. Miss T said she had no reassurance that Paragon did have her money as they'd made so many mistakes, so she was concerned the £10,000 was in fact lost. And that she considered herself to be vulnerable at the time due to being unemployed, which she told Paragon in an email on 3 April 2023 - after they deposited the £10,000 into the fixed rate savings account. So, the complaint has 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.

Firstly, I want to assure Miss T that I've read the emails she sent to Paragon and also listened to the call recordings of the conversations she had with them. While I may not comment on every single point, I have considered all the evidence that is on Miss T's file. I'm sorry to read of the distress and inconvenience caused to Miss T, especially at a time that was already quite difficult for her due to being unemployed.

I note Miss T has made a comment about Paragon's service not being aligned to The Financial Conduct Authority's Consumer Duty. However, this doesn't come into force until 31 July 2023. Regardless of this, I've still considered whether Miss T was treated fairly.

Paragon have explained why the payment Miss T made was held, which I understand was down to an issue with Miss T's surname being cut off in the payment information for the £10,000. The Paragon advisor told Miss T that the matter had been referred to head office

during a call on 31 March 2023 and that it would take one working day to get back to Miss T. Despite being told this, Miss T continued to contact Paragon over the weekend as she was concerned about where the £10,000 had gone.

I don't find this explanation to be unreasonable nor unsurprising, as it's important for Paragon to ensure the payment is being sent to the right account. However, I appreciate Miss T's point that she was only aware of the surname issue as a result of her contacting Paragon.

Paragon acknowledged their customer service could have been better - Miss T was told incorrect information and also Miss T's expectations weren't managed properly which then led to her contacting them several times. As Paragon have acknowledged things could have been better dealt with by them, what's left for me to decide here is the impact their failings had on Miss T and if they've done enough to put things right.

There's no doubt Miss T was given different information by Paragon about the status of the £10,000 and there's also no doubt in my mind this was distressing and frustrating for Miss T, given she'd deposited quite a considerable amount of money. I also recognise that Miss T was made promises which weren't followed through. For example, when Miss T was told she'd receive her funds back into her nominated account on 3 April 2023, this didn't happen until the following day, which caused further frustration.

With that said, I can't ignore the actions that Paragon have taken to try and put matters right. In deciding whether their actions were fair, I've first considered the fact that this all happened over a weekend - between a Friday (when Miss T made the deposit of £10,000) to when she got it back on the Tuesday, so over a relatively short period of time. Additionally, while I recognise Miss T was concerned about where her £10,000 was and didn't feel she had any reassurance from Paragon, there wasn't any suggestion from Paragon that Miss T's money was missing.

I also can't ignore that the experience Miss T went through with Paragon, started as a result of Miss T changing her mind about having the fixed rate account. I understand Miss T said the reason for this was because she was unemployed and needed to maximise her funds as much as she could. So, Miss T wanted the £10,000 back to put into another bank account. The terms and conditions of this type of account say *"There is no right to cancel your agreement once your account has been opened. You cannot make any withdrawals or close your account until the end of the fixed term of your account."* So, the fact that Paragon returned Miss T her £10,000, even though the terms don't allow for this to happen and did so with interest, so Miss T didn't lose out, seems fair and reasonable in my opinion. However, to be clear, just because this started as a result of Miss T changing her mind about having the fixed rate account, doesn't make it acceptable that there have been failings in the service Paragon delivered. But I mention it because it is something I have to take into account.

Overall, I think there were instances where Paragon could have handled things better, which they've acknowledged and apologised for. I recognise Miss T spent time making several phone calls and sent emails to Paragon which Paragon said could have been alleviated if they arranged call backs. But I also think things were made worse when Miss T contacted Paragon after she was initially told about the surname issue and that it could take Paragon's head office until the Monday to respond to the issue. Having thought about everything that happened, alongside everything Paragon have done to try and put things right, I won't be asking Paragon to do anything more.

My final decision

For reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 9 August 2023.

Leanne McEvoy
Ombudsman