

The complaint

Mr N, Miss N and Mrs V complain about the service they've received from Citibank UK Limited. They're unhappy that tax forms were rejected which resulted in them having to pay tax unnecessarily.

What happened

The background to this complaint is well known to both parties so I won't go over it in great detail, but the key facts are as follows:

- Mr N, Miss N and Mrs V had tax withheld in 2016, 2017, 2018 and 2019. This was because of address mismatches on Citi's systems which caused their W-8BEN forms to be rejected.
- They complained to Citi in 2020 and the withheld tax for 2019 was refunded. Citi didn't think the withheld tax for the other periods should be refunded as they'd sent tax reminders, but the address details hadn't been updated until 2019 which meant that only the 2019 W-8BEN could be accepted.
- Mr N, Miss N and Mrs V didn't agree and asked us to look into the matter.
- One of our investigators considered the complaint and thought it should be upheld and the withheld tax refunded. He didn't agree that Mr N, Miss N and Mrs V hadn't done enough to update their address. They were in regular contact with their relationship manager during this time and provided information in a timely manner when asked to.
- He thought that if there was a specific issue around their address, he'd have expected to have seen something from the relationship manager asking them to change it. From what he'd seen when the relationship manager did write to them about their address change in July 2017, they returned the required forms via email and post. There was nothing from the relationship manager to say the forms had been rejected or that they needed more information in order to accept the W8-BEN forms.

Citi didn't respond so the complaint has been passed to me for a formal decision.

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 think this complaint should be upheld and I will now explain why.

The issue at the heart of the complaint is that there was an address mismatch which caused the W-8BEN forms to be rejected. Citi have said that the mismatch occurred in 2015 when Mr N, Miss N and Mrs V's mailing address was changed to country B, but their residential

address remained in country A. They've said that prior to 2018 the relationship manager would have been notified whenever a form was rejected by their tax team. And they would have told Mr N, Miss N and Mrs V to send a W-8BEN form in via the post.

I can see that Citi wrote to them in March 2017 and asked them to complete and return an *'Automatic Exchange of Information Form for Individuals'*. The evidence I've seen shows that this was done and sent to Citi but there were issues with emails bouncing back from the address they'd been told to send it to. They resent the documents in July 2017 but in February 2018 they were again told to send the documents to Citi. They also mention in an email they sent Citi in April 2017 that they'd sent the forms by post.

They had a further issue with accessing their accounts and tried to get in touch with their relationship manager over the phone and by email but received no response. They then arranged a meeting with a different relationship manager at the start of 2019. They had a further meeting in March 2019, and it was at this point that the forms were checked and the address issues resolved.

Having reviewed the forms that were submitted in 2017, I can see that they noted that their residential address was in country B. The form clearly detailed their address, country of tax residence and their taxpayer identification number. There was a specific section to complete if their mailing address differed from their residential address. They didn't fill in this section so it therefore follows that their residential address and mailing address were the same and Citi should have updated their records accordingly. Had this been done, then on balance, I think the issues with the W-8BEN form and subsequently with the withheld tax would have been avoided.

So, I'm satisfied that Mr N, Miss N and Mrs V haven't been treated fairly. I think they took steps to ensure that their details were correct on Citi's systems, but the records weren't updated. I also haven't seen any steps were taken to correct the issue until a meeting was arranged with a different relationship manager in 2019. Therefore, it doesn't seem fair that Mr N, Miss N and Mrs V should have had tax withheld and so Citi should refund the withheld tax in order to put things right.

Putting things right

Citi should refund the tax withheld for Mr N, Miss N and Mrs V for 2016, 2017 and 2018 (I note this has already been done for the 2019 withheld tax). They should also pay 8% simple interest on the amount refunded from the date the withheld tax was taken up until the date of settlement.

My final decision

For the reasons I've given above, I uphold this complaint. Citibank UK Limited should pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N, Miss N and Mrs V to accept or reject my decision before 17 March 2023.

Marc Purnell
Ombudsman