

The complaint

Mr A is unhappy that Secure Trust Bank Plc (“STB”) incorrectly reported his tax liability.

What happened

STB wrote to Mr A and explained they’d reported incorrect information to HMRC which had potentially affected his tax liability. Mr A wasn’t happy about this, so he raised a complaint.

STB looked at Mr A’s complaint. They confirmed they had made an error in their reporting to HMRC, but explained they’d reported corrected information to HMRC, who would make the corrective adjustments to Mr A’s tax liability moving forwards. STB apologised to Mr A for the error and offered to pay £50 compensation for any trouble and upset Mr A had incurred. Mr A wasn’t satisfied with Mr STB’s response, so he referred his complaint to this service.

One of our adjudicators looked at this complaint. But they felt the response that STB had already issued to Mr A regarding his complaint, including the offer of £50 compensation, already represented a fair and reasonable resolution to what had happened. Mr A remained dissatisfied, so the matter was escalated to an ombudsman for a final 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’d like to begin by confirming that this service is impartial. This means we don’t accept any party’s version of events at face value over the testimony of the other party, but instead base our assessments on a consideration of presented evidence, which includes testimony, but which also includes requested documentary evidence where appropriate.

STB don’t dispute that they reported an incorrect tax liability for Mr A, and they informed Mr A of the incorrectly reported tax liability when they became aware of it. STB also reported the details of the incorrect reporting to HMRC, so that HMRC can make corrective adjustments to Mr A’s tax liability moving forwards. However, in their response to Mr A’s complaint, STB acknowledged that Mr A may have incurred some trouble and upset because of what had happened, and they made an offer of £50 compensation to him as a result.

Mr A has explained that HMRC haven’t taken any corrective action in regard to his tax liability, and so feels that he’s paid more tax than he should have done. And Mr A also doesn’t feel that the offer of £50 compensation made by STB provides a fair level of compensation for the upset and inconvenience he’s incurred here.

During their review of this complaint, our adjudicator asked Mr A to provide copies of any correspondence with HMRC as well his most recent tax-return, which show whether HMRC had made any corrective adjustments or not. Mr A didn’t provide this information to this service. And Mr A also didn’t provide the requested information following the view of this complaint put forwards by our adjudicator, which again invited Mr A to do so.

This makes it very difficult, from an impartial standpoint, to conclude that Mr A's tax position remains in error. This is because HMRC should have made the corrective adjustments to Mr A's tax liability following their being advised by STB of STB's error. And because Mr A hasn't provided any documents or information that confirm that HMRC haven't made the correct adjustments to his tax liability, as should potentially already have taken place.

Additionally, if it is the case that Mr A's tax position does remain in error, this would need to be corrected by HMRC, and I wouldn't ask STB to reimburse the overpaid tax to Mr A as he would like here. This is because if STB were to reimburse Mr A the overpaid amount, Mr A would still be able to receive corrective adjustments from HMRC, which would mean that he would, in effect, receive the reimbursement twice, and which I'm satisfied wouldn't be fair.

Mr A has explained that he's had to submit a tax return because of what happened here, which he feels has inconvenienced him such that a higher amount of compensation should be payable to him. However, I feel that on the basis of the information I have presently available to me that the £50 offer of compensation made by STB is fair.

One reason for this is because Mr A hasn't provided this service with any copies of any correspondence with HMRC, and so I haven't been able to assess or confirm whether any action that HMRC may have asked Mr A to undertake is solely as a result of STB's incorrect reporting, or whether it may have been the case that HMRC would have required Mr A to take any such action regardless of STB's incorrect reporting or not.

In the absence of any confirmatory information to the contrary, I feel that STB's informing HMRC that they had made incorrect reports, and STB's providing corrected reports, may have been all that was required for HMRC to take any relevant corrective action necessary. And in these circumstances, I feel that the £50 offer of compensation made by STB is fair, and I can confirm that it's commensurate with what I may have instructed STB to pay, had they not already offered to do so.

Consequently, while I will be upholding this complaint in Mr A's favour, I'll be doing so only to formally require STB to make the £50 payment of compensation to Mr A that they've already offered. I realise this might not be the outcome that Mr A was wanting here, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Secure Trust Bank must make a payment of £50 to Mr A.

My final decision

My final decision is that I uphold this complaint against Secure Trust Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 November 2022.

Paul Cooper
Ombudsman