

The complaint

Mr M complains that Yorkshire Building Society ("YBS") gave him wrong information in response to his enquiry about interest information reported to His Majesty's Revenue and Customs ("HMRC"). He has raised a number of concerns in relation to the service he received from YBS representatives in connection with his enquiry.

What happened

Mr M received notification from HMRC about a change to his personal tax code. He says he thought this was wrong as it took into account interest he'd received on his savings. Mr M called YBS to ask when it had notified HMRC about the interest earned. However, the YBS representative told Mr M that it wasn't responsible for his tax dealings with HMRC.

Mr M sought to complain about what he'd been told, but says further representatives he dealt with were equally unhelpful and didn't seem to know what they were talking about. He escalated his concerns to the CEO of YBS, posing a series of questions and seeking compensation for the poor service he'd received.

YBS issued a response to Mr M's complaint. It said it stopped deducting tax from interest in 2016 and didn't report to HMRC. YBS's response didn't deal with the specific questions Mr M had asked about its customer service, other than in respect of its call security measures. Instead, YBS expressed a more general conclusion that it was unable to agree its service was sub-standard. Mr M was dissatisfied and referred his complaint to us.

Our investigator reviewed the situation with YBS, who acknowledged that it hadn't dealt with matters appropriately. YBS said its earlier responses to Mr M were incorrect, and that it does report – annually, at the end of June – to HMRC interest earned on savings accounts. It said it would consider Mr M's suggestion that it include this information on its website. And by way of apology YBS offered to pay Mr M £200 compensation. Following Mr M's rejection of this proposal, YBS increased its offer to £250, which our investigator felt was a fair way to resolve the complaint.

Mr M doesn't agree. He says after YBS made the offer he called it and was again told the wrong information. Mr M feels this warrants greater compensation, and that YBS should commit to a date by which it provides training to all staff and an update to its website. He also sought an ombudsman's direction stating that *"When asked by their customers, YBS is expected to declare they, YBS, do inform HMRC of the interest paid to that customer."*

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.

I'm conscious of Mr M's strength of feeling; his correspondence with YBS and with colleagues at our service makes this clear. There's no doubt there is some justification to his frustration. YBS has accepted that it gave him incorrect information about its HMRC reporting, and it's obviously disappointing to hear that this happened again after YBS

acknowledged its errors.

However, that's not to say that every criticism Mr M has levelled in his correspondence was entirely fair or related directly to the issue at hand. Some of his observations about customer service are quite general in nature, whereas others reference specific members of YBS staff by name. I trust he will understand when I say that I have taken an overview of the concerns he raised, rather than individually addressing each point he made.

YBS has accepted it gave Mr M incorrect information. It has since clarified the correct position, and Mr M is fully aware that, in line with other banks and building societies, YBS reports interest earned on relevant savings accounts to HMRC¹ - and that it does so in June each year.

Of course, financial firms should do all they can to avoid giving out the wrong information, both as a matter of basic principle and in order to meet their obligations under the Financial Conduct Authority's ("FCA") Consumer Duty. So it's only right that YBS recognises the inconvenience to which Mr M was put in pursuing the correct information.

Its proposal to pay him £250 in this respect is in my view very fair. I cannot properly find that he has been caused any material distress or inconvenience in subsequently receiving information he knows to be incorrect. I see no real basis on which I should suggest he should receive additional compensation for the call he made more recently.

I now turn to the matter of whether I need to make a direction in addition to the proposed compensation. Section 229 of the Financial Services and Markets Act 2000 ("FSMA") says:

"229 Awards

(1) This section applies only in relation to the compulsory jurisdiction²....

(2) If a complaint which has been dealt with under the scheme is determined in favour of the complainant, the determination may include—

(a) an award against the respondent of such amount as the ombudsman considers fair compensation for loss or damage (of a kind falling within subsection (3)) suffered by the complainant ("a money award");

*(b) a direction that the respondent take such steps **in relation to the complainant** [my emphasis] as the ombudsman considers just and appropriate (whether or not a court could order those steps to be taken)..."*

I fully understand why Mr M has asked for me to make a direction. The direction he's mentioned (as well as his suggestion that YBS amend its website) are not steps to be taken in relation to him as a complainant, and so by strict application of section 229 it does not fall within my power to make such a direction.

But even if it did, I'm not persuaded it's necessary or appropriate for me to do so as part of what I consider to be a fair resolution to this complaint. The direction Mr M has suggested is effectively what YBS is already expected to do, which is to respond correctly to such an enquiry. That is, in simple terms, why his complaint has been upheld – because YBS failed to provide the right information when he made his enquiry.

¹ Not all interest earned is reportable. HMRC currently does not require interest information on, for example, Individual Savings Accounts (ISAs), Save as You Earn or share save schemes, or accounts held by persons resident outside the UK, among others – see HMRC guidance 25 October 2024

² Our service has both compulsory and voluntary jurisdictions. YBS is subject to our compulsory jurisdiction

Essentially, such a direction has a similar effect to my making a direction to YBS to provide generally better service or not to make mistakes in future. It would have little effect other than to place YBS in jeopardy of failing to comply with a legally binding decision merely because a member of its staff might at some point give a customer the wrong information. The mechanism for addressing such a wrong already exists – it is to complain in the first instance to YBS and if a customer remains dissatisfied, to refer matters to a suitable form of dispute resolution such as our service provides.

I understand and appreciate that Mr M might feel my decision falls short of what he'd like to happen. But I trust he can take some comfort in the steps YBS has said it will consider to reduce the possibility of other customers being similarly affected, and that he can now feel able to accept the settlement YBS offered as an apology for what has happened.

My final decision

My final decision is that in full and final settlement of Mr M's complaint, Yorkshire Building Society must pay Mr M £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 January 2025.

Sarita Taylor
Ombudsman