DRN-5441892

Financial Ombudsman Service

The complaint

Mrs B complains Hargreaves Lansdown Asset Management Limited ('HLAM') gave her an inaccurate consolidated tax certificate. She said the caused her to be at risk of being penalised by HMRC for declaring incorrect information.

In making this complaint Mrs B had the help of a representative. But for simplicity in this decision I've referred simply to Mrs B having made the complaint herself.

What happened

Mrs B had an investment account with HLAM.

On 25 April 2024 HLAM gave Mrs B a consolidated tax certificate for her account covering the 2023-24 year. The certificate set out income earned and dividends paid by the investments held in the account.

On the same day Mrs B complained to HLAM that the certificate was inaccurate because a dividend from a fund in the account was omitted. The dividend was from an accumulation fund which meant it was reinvested by the fund manager rather than paid to Mrs B in cash.

HLAM sent Mrs B a further consolidated tax certificate which included the dividend that had been missing on the previous certificate.

In response to Mrs B's complaint HLAM said its service had fallen short. It apologised and said the error in the tax certificate had been raised with the relevant team for further investigation and to prevent it happening again. It said it would give Mrs B £100 in recognition of how its error affected her and it asked her to nominate a bank account to in which receive the money.

Mrs B wasn't satisfied. She referred her complaint to this service. She said she wanted HLAM to give her a full explanation about how the error had happened, to assure her it hadn't made errors in previous certificates, and to indemnify her against fines and penalties arising from such errors. Mrs B also said she discovered the error within one hour of receiving the certificate so she didn't understand why HLAM took so long to look into things.

One of our Investigators looked into Mrs B's complaint. She didn't think HLAM needed to do anything further to put things right. In summary she said the following:

- HLAM had apologised to Mrs B for its error on her consolidated tax certificate.

- HLAM had explained to this service that the reason for the error was that the dividend was one that required manual processing using information provided by the fund manager which had to be processed and applied to customer accounts. And the volume of data to be handled and the fact it had to be done manually meant HLAM occasionally made an error.

- HLAM said the error was an isolated incident and it had taken steps to stop it happening again.

- Mrs B hadn't submitted wrong information to HMRC on the basis of the tax certificate, so she hadn't been financially affected by the error, but if that wasn't the case Mrs B should provide evidence of financial impact.

- If Mrs B was concerned about errors on past certificates she should provide some specific details about which information she thought was wrong, including a time period. It was difficult for HLAM to check for errors without any particular concerns having been raised.

Mrs B didn't agree with the investigator's view. In summary she said the following:

- HLAM hadn't discovered the error itself – it had to be told about it by Mrs B. So Mrs B had no confidence HLAM could stop the error happening again. HLAM evidently didn't have adequate checks in place. And its explanation showed it hadn't taken its error seriously.

- HLAM hadn't paid Mrs B the £100 and hadn't offered it to her. And £100 was inadequate in any case.

- HLAM hadn't checked whether other errors had affected previous statements. And it hadn't shown the error Mrs B found was an isolated incident. It hadn't offered any assurance that it hadn't made other errors in previous tax certificates. The onus shouldn't be on Mrs B to give specific reasons why a tax certificate might be incorrect. HLAM should check past certificates.

The investigator further said the reason HLAM hadn't paid Mrs B the £100 was that Mrs B hadn't accepted it.

The investigator also sought further information from HLAM about what it had done to stop the error happening again. And she passed on to Mrs B that HLAM had changed its processes. HLAM had a series of checks which included but wasn't limited to checking that dividend events on accumulating funds had been reflected in client accounts. It previously performed the checks annually at the end of the tax year. To help reduce the likelihood of errors it now performed the checks quarterly.

The investigator also said if HLAM didn't know it was looking for it would be difficult for it to find an error in Mrs B's previous tax certificates, but nevertheless she'd asked HLAM if it could check Mrs B's previous tax certificates for mistakes. HLAM said it wouldn't be feasible for it to check through 15 years' worth of client data in that way.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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've found HLAM did make an error but its offer of £100 to put things right was fair and reasonable. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

It's not in dispute that HLAM omitted information on Mrs B's consolidated tax certificate that should've appeared there. What is in dispute is whether HLAM has done enough to put things right for Mrs B.

Correspondence between HLAM and Mrs B showed HLAM apologised to Mrs B and offered her £100.

I understand Mrs B could've declared wrong information to HMRC if she hadn't realised there was an error in the certificate from HLAM and had relied on the certificate as being complete and accurate. But that's not what happened. Mrs B said she noticed the error within one hour of receiving the certificate. And she contacted HLAM about it that day. So Mrs B knew there'd been an additional dividend that hadn't been included on the certificate. And she hasn't said she acted on the incorrect information. I can't award compensation for something that could have happened if things had been different.

I find that the error by HLAM caused Mrs B distress and inconvenience. She had to contact HLAM to have it resolved and she lost some confidence in HLAM due to the error having been made. For that I'm satisfied that an apology and £100 is sufficient.

I understand Mrs B might feel she can't trust previous statements from HLAM. But I haven't seen anything to show the error that occurred in the particular circumstances of this complaint has been made in the past too. As I've said Mrs B said she noticed the error on her certificate within one hour of receiving it. She hasn't mentioned any other dividends in particular which she thinks weren't correctly shown on her consolidated tax certificate. In these circumstances if HLAM were in the habit of making this same error repeatedly then it's likely Mrs B or another customer would've drawn its attention to the error. So on balance I don't find it would be reasonable or proportionate to require on the basis of the error identified here that HLAM must check all the details of all of Mrs B's previous tax certificates without any particular concerns about those certificates having been raised. And my role here is to make a determination about the particular complaint Mrs B has brought.

It's also not appropriate for me to make an award that HLAM must indemnify Mrs B against the consequences of any other errors that might have occurred. Compensation for any further error should be determined according to the particular circumstances of the error and the impact it's had on Mrs B.

It appears to me that HLAM has taken this matter sufficiently seriously. It took time to get to the bottom of why the mistake had been made. It acknowledged the mistake to Mrs B, apologised and proactively offered a payment of £100 in recognition of the mistake. And it's taken steps to reduce the likelihood that it will make a similar error in the future.

Overall, I do understand Mrs B's frustration over receiving a tax certificate which didn't include all the information it should've included. But I'm satisfied the actions HLAM has taken to put things right are fair and reasonable. Because HLAM hasn't yet paid Mrs B the £100 it offered, I'm upholding the complaint and including an award for the £100 to be paid.

Putting things right

To put things right for Mrs B Hargreaves Lansdown Asset Management Limited must pay her £100 for the distress and inconvenience it caused her.

My final decision

For the reasons I've set out above, my final decision is that I uphold this complaint. Hargreaves Lansdown Asset Management Limited must pay the amount set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 September 2025.

Lucinda Puls
Ombudsman