

## **The complaint**

Dr W complains that Hargreaves Lansdown Asset Management Limited ('HL') is not correctly reporting interest that she earns on her Active Savings account that she holds with them.

Dr W would also like HL to provide sufficient information on the tax certificates that they issue to allow her to report her interest to HMRC.

## **What happened**

HL offers an Active Savings account where it effectively acts as a broker by allowing its consumers the option to select from a range of easy access and fixed term accounts from different providers. Dr W has held one of those offerings through HL and didn't believe that the tax statement provided sufficient details to accurately report the interest that she'd earned to HMRC. In addition, Dr W was surprised to learn that HL weren't informing HMRC of the interest that she was earning through their Active Savings offering.

Unhappy with the matter, Dr W decided to formally complain to HL. After reviewing Dr W's complaint, HL concluded they were satisfied they'd done nothing wrong. They also said, in summary:

- It is the customer's responsibility to report any savings interest that they earn to HMRC for tax purposes.
- They provide supporting information to enable customers to do that.
- HL is an investment platform and not a bank and they are of the opinion that the process they had in place complied with HMRC rules around the reporting of interest.
- Before opening an account, they make clear to customers that they will not deduct tax from any interest earned and it's the customer's responsibility to report their income to HMRC.

Dr W was unhappy with HL's response, so she referred her complaint to this service. In summary, she said that:

- She was concerned that the interest she was earning may not have been correctly reported to HMRC, leaving her open to penalty charges.
- She felt that HL are obligated to inform HMRC of what interest she was earning.
- She didn't think the tax information that HL are providing is detailed enough.

The complaint was then considered by one of our Investigators. He concluded that HL hadn't treated Dr W unfairly because from what he'd seen of the tax certificate that they'd issued, there was enough information to be able to fully disclose the necessary information to HMRC. In addition, our Investigator felt HL's terms were clear on their website that it was the consumer's responsibility to inform HMRC of any interest that they earned from the Active

Savings account.

Dr W, however, disagreed with our Investigator's findings. Our Investigator was not persuaded to change his view as he didn't believe Dr W had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Dr W then asked the Investigator to pass the case to an Ombudsman for 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.

I have summarised this complaint in less detail than Dr W has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Dr W and HL in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Dr W's complaint - I'll explain why below.

Before I do, I think it would be useful to set out the general position of income tax for savers on any interest earned on their accounts. In April 2016, the then government of the day introduced the personal savings allowance (PSA); that effectively provided individuals with the ability to earn up to £1,000 of interest before any tax was due on it. However, that £1,000 allowance is only available to basic rate taxpayers, so if the individual was fortunate enough to be a higher rate taxpayer, they'd only benefit from an allowance of £500 and additional rate taxpayers don't get any PSA at all.

As most consumers don't earn interest in excess of the £1,000, banks don't generally tend to deduct income tax from interest anymore. So, that means in the instances when a consumer does earn interest that's in excess of the PSA, they'd need to declare that within their tax return to HMRC to ensure that they pay the right amount of tax. If, however, the consumer isn't required to file a tax return because, for example, all of their income is already taxed under the PAYE scheme, HMRC may use the 'Simple Assessment' process to collect any excess tax.

When HL initially answered Dr W's complaint, they stated that as they're not a bank, they're not obligated to report to HMRC any interest they pay out to their Active Savings account customers. However, HL later altered their position on the matter and explained that the banks and building societies that they work with and whose accounts they offer submit a Bank and Building Society Interest Return (BBSI) to HMRC. However, given the nature of the arrangement that HL has with those banks, the monies that are held with them is pooled and held in a HL nominee name so HMRC wouldn't receive any individual client interest values from them. The only exception to this is Coventry Building Society, who HL say do hold the client data for their consumers and whom Dr W also had a savings account with through HL.

HL have gone on to say that their Active Savings team submit an 'Other Interest Return', rather than a BBSI to HMRC, which provides them with details of the interest paid to individual clients for all their banks. Upon review of their records, it appears HL failed to notify HMRC of Dr W's interest in the 2022/2023 reporting period as they understood Coventry Building Society reported directly to HMRC and they wanted to avoid 'double counting' the data. However, HL say that position has now changed since the 2023/2024 reporting period after having received updated guidance. And, it's the information that HL submit within the 'Other Interest Return' (amongst other insight) that helps HMRC decide whether to invite individuals to complete a Simple Assessment or direct them down the full self-assessment route. So, despite what HL initially stated to Dr W about not sharing interest information with HMRC, it would seem that they do report interest information to them.

But in any event, HMRC's position on an individual's responsibility to inform them of any income they receive that hasn't had tax taken off is very clear; individuals are obligated to ensure HMRC is made aware of all their income sources in a timely manner so the right amount of tax is taken off at the right time. And, taxpayers can do this via HMRC's website, telephone helpline or by post. Having looked at HL's website, it's clear to me that the Active Savings account will pay interest without the deduction of any income tax and that it's down to the individual to ensure that they pay any tax due to HMRC.

Having looked at the information that HL have provided to Dr W about the interest earned on the Active Savings account, I'm satisfied that it is sufficient to enable her to complete a tax return or Simple Assessment. That's because HL's certificate provides the amount of untaxed interest earned which is the same figure that HMRC needs to determine what additional tax, if any, the consumer needs to pay. It therefore follows that I can't agree with Dr W that HL aren't providing enough detail within their tax certificates.

Whilst HL initially provided incorrect information, I'm satisfied that from what they've set out, they do have a process in place to report customer interest to HMRC. And, as I've already explained, I'm of the opinion that the tax certificates provided are sufficient to enable their customers to complete their tax returns.

### **My final decision**

I'm not upholding Dr W's complaint and as such, I won't be instructing Hargreaves Lansdown Asset Management Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Dr W to accept or reject my decision before 7 August 2025.

Simon Fox  
**Ombudsman**