

## The complaint

Mr D has complained about the information that Wise Assets UK Ltd provided him relating to his holding in an offshore fund. He says this unfairly caused him a tax liability.

## What happened

Mr D has an account with Wise. Money in the account can be placed in what Wise refers to as 'Cash, Interest or Stocks'. During the time that Mr D's complaint relates to, the money in his Wise account was placed in interest. This meant that money in the account was invested in an interest-earning fund whereby Mr D bought or sold units as money moved in and out of the account. The fund is offshore and income from it is therefore treated by HMRC as being from outside the UK.

Investing via units in the Wise interest account means that as a UK tax resident, Mr D could potentially be liable for capital gains tax (CGT) and income tax. The fund which Mr D was invested in generates Excess Reported Income (ERI). This is profit that the fund makes which has not been distributed to investors, but for UK tax purposes is treated as if it has been received by the investor.

Mr D requested a tax statement for the tax year 2024/25 and it showed an ERI of £5,583.68. He asked Wise why this was the case, saying that this exceeded the total gains he'd made on the account over multiple years. Mr D also commented that whilst at the date the ERI was calculated he'd had a large balance in the account, soon after his balance dropped considerably. He asked that Wise review the ERI to check its accuracy. Wise responded that ERI does not reflect gains made in the tax year, but instead reflects the number of units held at the end of the fund's reporting period, which was 30 September 2024. It said that Mr D would need a tax adviser to understand this in detail.

Mr D asked to see Wise's calculations for the ERI reported on the tax statement. Unhappy with its response to this request, Mr D made a complaint to Wise. He said that because the ERI was calculated using a reporting period to September 2024, it was unusable when the tax year ended in April 2025. He confirmed that he'd temporarily had a high balance in his account in September 2024 because he was holding funds there to buy a property. Mr D reiterated his request for proof of the calculations used to determine the ERI. He also questioned the figures that were shown on the tax statement for gains he had made on the account.

Wise provided its formal complaint response on 1 July 2025. It repeated that the fund's official reporting date was 30 September 2024, and said that the ERI per unit set by the fund manager was £5.6289. Using Mr D's unit holding on that date resulted in the £5,583.68 ERI amount shown on the tax statement. Wise provided a link to the fund manager's website which included the reportable income document.

In terms of why the date in September 2024 was used for a tax year ending in April 2025, Wise said that this was the result of a specific HMRC rule. With the fund Mr D held units in having an accounting year that ended on 30 September 2024, Wise referred to HMRC's rule stating that investors are treated as receiving income six months after the last day of the

fund's reporting period. For this fund, that would be 31 March 2025. Wise said it was therefore legally required to report the full ERI on the 2024/25 tax year statement.

With regard to the figures it had provided for gains made on the account, Wise said that its app showed total gains, which included unrealised profits on assets that Mr D still held. In contrast it said the tax statement showed gains made on assets which had been sold because these would typically be liable for tax. Wise concluded that the amounts shown on the tax statement were correct.

Unhappy with Wise's response, Mr D brought a complaint to this service. He said that the way in which Wise provided the ERI figure in his tax statement meant that he would overpay tax because the ERI was calculated on his unit holding as at 30 September 2024, when the balance of his account was temporarily high as he prepared to use these funds to purchase a property. Mr D said that he'd never realise the earnings reflected in the ERI due to the money in the account being spent soon after 30 September.

Mr D suggested that he would have benefitted by keeping the balance in his account close to zero around 30 September, as this would have substantially reduced his tax liability arising from the fund. He said he'd incurred a significant tax charge due to Wise's information, even though he'd never realised the earnings which the ERI indicated. Mr D described Wise's capital gains calculation as suspicious, saying that its website showed an overall gain for the fund whilst his tax statements continually report a loss. He summarised his complaint as being that Wise's calculations were defective and did not provide an accurate view of his account, and he said that this was not in the best interests of the customer.

Our investigator did not uphold this complaint. Her view was that the information Wise had given Mr D about the account was clear. She also noted that Wise was not required to give Mr D individual tax advice.

Mr D disagreed with the investigator's findings. He said that he'd taken out the account with Wise some time before it introduced the opportunity to go into its interest option. Mr D commented that when the interest option became available, Wise probably didn't know how this would be calculated because it was relying on an external fund manager to do this. He said that he didn't recall seeing details about how the tax calculations would be carried out in Wise's literature, and that it took some time for Wise to clarify how the ERI was worked out. Mr D said that he couldn't have been aware of the damage he would suffer based upon the information Wise gave him.

In response the investigator said that Mr D's customer agreement with Wise confirmed a customer's tax obligations. She also highlighted Wise's FAQ pages where it was explained that Wise could not provide tax advice.

Mr D said that the information Wise had given him didn't explain that the ERI calculation would be applied in a way which didn't differentiate between when units in the fund were bought or sold, but instead was only reliant on his unit holding on 30 September at the end of the fund's accounting year. He described this issue as the core of his complaint. Mr D also said that he expects Wise to give him accurate information regarding all aspects of his account including assets held, interest, capital gains and ERI. He asked that his complaint be referred to an ombudsman for review.

### **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.

A key element to Mr D's complaint is that he doubts the accuracy of the information that Wise has given him about his account. In particular he has questioned how the ERI figure of £5,583.68 for the 2024/25 tax year was arrived at. He has highlighted that at the official reporting date for the fund he was invested in on 30 September 2024, he had a high balance, but in the period before and after that date, the balance was much lower. Mr D has said that he could have had a much lower ERI figure if he'd reduced the balance of his account before the September 2024 reporting date.

I think it's important to acknowledge that the ERI per unit of £5.6289 that was applied as at the fund's official reporting date of 30 September 2024 was set by the fund manager, rather than Wise. And in relation to ERI, HMRC sets the rules about when to declare income from a reporting offshore fund, such as the one that Mr D deposited his money in. HMRC states that ERI is treated as being received on the fund distribution date, which is six months after the last day of the reporting period. Having considered the information provided, I'm not persuaded that there's evidence to show that the ERI figure Wise detailed on Mr D's 2024/25 tax statement was inaccurate. And whilst I note Mr D has concerns about the capital gains figures in Wise's statements, I do not consider I've seen sufficient evidence to suggest that these figures are in error either.

In terms of Wise's obligations to provide information to Mr D about his account, this needs to be clear, fair and not misleading. Further to this, Wise's customer agreement confirms that any taxes which may become due as a result of using its services are the customer's responsibility. As the investigator has highlighted, Wise's FAQ pages confirm that it cannot provide tax advice, and I note that during its correspondence with Mr D about the ERI figure, it said that Mr D should consult with a tax professional to determine the tax consequences of earning interest on his fund in his Wise account.

Wise's customer agreement for its interest product states that it will not provide any advice to a customer about the merits of using a particular instrument. It says that if a customer is uncertain about whether a product is suitable for their circumstances, they should seek independent professional advice. Mr D has said that a lack of information from Wise about how tax would be calculated on the account, in particular in relation to ERI, has led to him suffering a financial loss due to tax charges. But based on Wise's customer agreement, it seems to me that when investing in an offshore fund via the interest product, it was for Mr D to take steps to determine whether that product was suitable for him, taking into account the tax treatment that related to the fund.

Mr D has also said that Wise's information didn't clarify how the ERI calculation worked in relation to when units in the fund were bought or sold, or explain about the significance of the unit holding at the end of the fund's accounting year. I note what he has said, but on balance my view is that Wise was not obliged to provide Mr D with detailed information about the tax treatment of the fund, bearing in mind that it was not giving individual investment advice or individual advice about taxes.

I acknowledge what Mr D has said about how he could have limited his tax liability by keeping the balance in his account very low around 30 September 2024. But again, taking into account Wise's role when providing the account to Mr D, I do not consider it was for Wise to explain how the level of funds sitting in the account at any time might impact Mr D's personal tax liability.

In conclusion, based on the weight of evidence, my view is that it has not been shown that Wise has provided Mr D with incorrect information about his account, or been at fault in its

interactions with him about the account. I appreciate that Mr D will be disappointed with my findings. However, I do not consider Wise should be required to compensate Mr D in relation to this complaint.

**My final decision**

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 April 2026.

John Swain  
**Ombudsman**