

The complaint

Mrs C complains that Coventry Building Society (CBS) advised her to put her savings in an inappropriate account in 2023. As a result, she has to pay tax on the interest she received when she wasn't expecting to have to do so.

What happened

Mrs C is a longstanding CBS customer. In October 2023 she met with a representative of the society to discuss lump sums she wanted to invest and which she planned to use to buy a property in the next year or so. She opened a new savings account and just under £95,000 was transferred into it. A further £20,000 was transferred into an existing ISA.

In August 2024 Mrs C bought a new property as she had planned, and the money in the savings account was transferred out again.

In 2025 Mrs C received letters from HMRC saying that she hadn't paid enough tax, so the tax she owed would be deducted from her pension. Mrs C could see that some of the unpaid tax was on her savings interest, and she made a complaint to CBS.

Mrs C said she understood that her savings and the interest on them would be tax-free, she hadn't received any terms and conditions during her branch visit in 2023, and nobody had mentioned tax.

CBS said it had done nothing wrong. Mrs C referred her complaint to us, and our Investigator didn't recommend that it be upheld. Mrs C didn't accept that so her complaint has been referred to me to decide.

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, while I recognise that Mrs C feels very strongly about this matter, I have to tell her that I'm not upholding her complaint.

I can't be sure what documents CBS gave to Mrs C at the branch in October 2023 or what it told her. What is clear however is that a new savings account was opened following the meeting. That new savings account wasn't an ISA, so any interest earned on money in it was taxable, subject to applicable allowances.

Mrs C already had savings accounts and ISAs with CBS. Following the meeting in October 2023, £20,000 was paid into one of her existing ISAs. £20,000 was the maximum amount Mrs C could pay into an ISA in the tax year in question. This means that the £94,344.57 which was paid into the new savings account on 24 October 2023 could not have been paid into an ISA instead. That would have breached the ISA limit for that year.

I therefore find that CBS couldn't have arranged for any more of Mrs C's savings to go into an ISA so that interest would be earned tax-free. Mrs C has said that she wanted as much interest as possible to build up on her savings. In the circumstances, given that Mrs C also wanted access to her money, I can't reasonably conclude that CBS was wrong to have arranged the new savings account.

Mrs C has said that she wasn't given any terms and conditions for the new account and nobody mentioned tax. She has since found part of a document setting out the terms specific to this account, which she has provided to us. I've carefully considered this page, and I've also considered the rest of the document CBS has provided, alongside the account summary document – which says that interest is paid gross. The annual account statements also say that interest is paid gross, without any tax taken off. This is currently usual practice. HMRC, not CBS, will know what rate of tax Mrs C pays and how much her personal savings allowance is, so it is best placed to work out how much if any tax she needs to pay on her savings.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 January 2026.

Janet Millington
Ombudsman