

## **The complaint**

Mrs H complains Yorkshire Building Society removed her daughter from a joint account in error causing distress and inconvenience as well as losses.

## **What happened**

Mrs H has a number of accounts with Yorkshire Building Society.

In 2024 Mrs H visited one of Yorkshire Building Society's branches along with her daughter and asked for her daughter to be added to an account. Mrs H wanted her daughter – who already had power of attorney – added for a number of reasons.

In the course of doing tax returns, Mrs H discovered Yorkshire Building Society had removed her daughter from the account in question. Mrs H complained saying that, amongst other things, this had undermined the reasons why she'd added her daughter and had resulted in a higher tax bill as all of the interest on the balance had been taxed at a higher rate.

Yorkshire Building Society looked into Mrs H's complaint and originally offered £75 in compensation for the poor service she'd received. Yorkshire Building Society then offered just over £1,500 in compensation. Mrs H was unhappy with Yorkshire Building Society's offer – saying that HMRC would be the only winner. She complained to our service.

Following our involvement, Yorkshire Building Society offered an additional £250 in compensation. Our investigator thought that this revised offer was fair, so that's what they recommended be paid. Mrs H was unhappy with our investigator's recommendations and asked for this complaint to be referred to an ombudsman for a decision. This complaint was, as a result, passed to me.

## **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.

There appears to be very little in dispute when it comes to this complaint. I say that because, as far as I can see, Yorkshire Building Society has accepted that Mrs H's daughter was removed from an account to which she'd been added in 2024 in error. I'm satisfied that this would have been disappointing and frustrating and concerning to Mrs H given that it had the potential to undermine the reasons why she'd added her daughter in the first place. Fortunately, as far as I can see, the only lasting impact – given that Mrs H's daughter has been added back to the account – has been in relation to tax paid on the interest earned on the balance. Because Mrs H and her daughter weren't able to split the interest earned for tax purposes, the whole of the interest earned on the account has been taxed at a higher rate rather than half of the interest earned on the account.

I'm satisfied that Yorkshire Building Society's offer – to pay Mrs H £1,462.53 to compensate her for the additional tax she's ended up paying – fairly compensates Mrs H for her tax losses. I say that because I'm satisfied that Mrs H would have paid £1,462.53 less in income

tax had she been able to split the interest earned on the balance with her daughter. Mrs H rejected that offer because she believed the compensation Yorkshire Building Society was offering was also going to be taxed at 40%. I'm satisfied that this won't be the case because it's compensation for a financial loss she's made. That means the only other issue I have to decide is whether or not the £325 in compensation that Yorkshire Building Society has offered for the distress and inconvenience it has caused is fair.

In this case I can see that Yorkshire Building Society originally offered £75 in compensation. I'm satisfied that this was to cover costs associated with coming into branch. I'm satisfied that the additional £250 it has since offered was to cover the distress and inconvenience its poor service has caused. In this respect, Yorkshire Building Society has accepted that its agents should have been clearer sooner about what had gone wrong.

Having thought about the impact this complaint has had on Mrs H and her daughter, I agree with our investigator that £325 is fair compensation. As this is a joint complaint, Mrs H and her daughter can agree between themselves how that compensation is split between them. Based on the conversations I've had with them, it's likely Mrs H will want it to all go to her daughter. In the circumstances, I'm going to require Yorkshire Building Society to pay the £325 compensation it has offered and leave it to Mrs H and her daughter how to split it.

### **Putting things right**

I'm satisfied that Yorkshire Building Society's offer – to pay £1,462.53 to Mrs H to compensate her for her tax losses and an additional £325 in compensation to the parties to settle the complaint – is fair. That's, therefore, the award I'm going to make.

### **My final decision**

My final decision is that I'm upholding this complaint along the lines I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mrs H to accept or reject my decision before 15 May 2026.

Nicolas Atkinson  
**Ombudsman**