

complaint

Mr R complains that Bank of Scotland paid his interest net of tax when he is not a tax payer and is entitled to receive gross interest.

background

Mr R has historically held 6 month bonds with Bank of Scotland, which he has regularly re-invested, and the interest has been paid gross. However, in 2011 he decided to re-invest his money for a 12-month term, instead of 6 months. Bank of Scotland opened a new account and at the end of the term the interest was paid net of UK tax. Mr R considers that it should have been paid gross.

The adjudicator did not recommend that this complaint should be upheld. He concluded that there was no evidence to show that Mr R had registered to receive gross interest on the new account. Mr R responded to say, in summary, that he did not ask Bank of Scotland to change his account number.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr R had a 6 month Guaranteed Reserve account, which matured in June 2011. At that stage, he decided to reinvest the money in a 1 year fixed saver account, rather than roll the money over in the Guaranteed Reserve. To do this, Bank of Scotland opened a new account, with another account number, because the type of account was different. I am satisfied that it wrote to Mr R, following the re-investment, to provide him with a Certificate of Investment. At the same time, it asked him to call its Savings Operations department to register to receive the interest tax free on this new account. I find that Mr R did not register to receive gross interest on this account, because he believed that he had already held a registration for gross interest. However, the registration related to a different account. Bank of Scotland, like a number of banks, requires a registration for each account that it holds. Consequently, when the saver matured, Mr R was paid the interest net of tax.

In the circumstances, I am not persuaded that Bank of Scotland has made any error. However, I consider that, as Mr R says that he is not a tax payer, Bank of Scotland has correctly told him how he can reclaim the tax from HM Revenue & Customs.

my final decision

My final decision is that I do not uphold this complaint.

Karen Wharton
ombudsman