

complaint

Ms T complains that Nationwide Building Society deducted tax from her savings account even though she had signed a tax exemption form. She wants Nationwide to refund her the tax deducted and she wants it to give her an assurance that its internal processes have been changed to make sure this will not happen again.

background

When Ms T opened a savings account she filled in a form so that Nationwide wouldn't deduct tax from the interest. The statements Nationwide sent her didn't show any tax so it was only when it changed the layout she knew it hadn't followed her instructions.

Nationwide said Ms T opened her current account in her local branch and then opened her savings account online. So the form she completed in branch applied to her current account. Ms T said that wasn't right because her current account didn't attract interest.

The adjudicator didn't recommend the complaint should be upheld. He could see that Ms T opened her current account and signed the tax exemption form in February 2009. She opened her online savings account the following month. So he didn't think Nationwide would keep the form for her online account when it didn't know when she would've opened it. He didn't think the statements Nationwide sent her were unclear because he could see they showed the amount of tax that was being deducted.

Ms T didn't agree with this. She said both accounts were opened the same day. And she wouldn't have opened her current account if there was any doubt about opening a savings account. She said she never received any statements showing the tax deducted and when she spoke to the telephone banking operator in July this year Nationwide told her it'd never sent them.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Nationwide has said that it's not possible to open a current account in branch at the same time as opening an online savings account. And I can see from the two letters Ms T has sent us that the second letter only confirms her registration for online banking but says nothing about a separate online account. So it seems to me this supports Nationwide's position that the online savings account wasn't opened until 7 March. But, due to the passage of time, I can understand why Ms T thinks they were both opened the same day.

The tax exemption form Ms T completed has the account number of the current account and she signed it on the day she opened that account. I think Ms T intended a similar tax form to be applied to the online account. But I can see why she couldn't complete such a form in advance of the account being opened as the account details wouldn't be available. I don't know what was discussed at the time but it seems to me most likely there would have been some talk about the need for another form once she opened the online account. For some reason this form wasn't completed. And again, due to the passage of time, I can understand why Ms T doesn't remember what happened.

I've listened to the phone calls Ms T had with Nationwide on 15 July. There was some confusion over whether the annual statements were showing the tax position. Also Nationwide seems to be accepting Ms T might not have been receiving the statements but it can't explain why. But I think that's immaterial to the question of whether Nationwide made an error in not applying the tax exemption form to Ms T's online savings account. I know she will be very disappointed with my decision but for the reasons I've given I don't find it's made any mistake.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 9 January 2017.

Linda Freestone
ombudsman