

## **complaint**

Mrs H complains that HSBC Bank Plc didn't do enough to establish her and her husband's status as non-tax payers. Mrs H would like the bank to compensate her for 20 years of income tax deducted from her savings.

## **background**

Mrs H held a joint savings account with her husband for a number of years. In July 2015, Mrs H's husband passed away. The bank sent a condolence letter and tax certificate to Mrs H.

Mrs H realised she and her husband had been paying income tax on interest earned since the account was opened in 1996. HSBC told Mrs H that tax is deducted at source unless the customer tells the bank that they aren't a tax payer. HSBC told Mrs H that she should speak to HMRC to see whether she could reclaim some of the tax paid.

HMRC said Mrs H could only claim the last four years of tax paid. Mrs H asked HSBC to refund the rest of the tax paid.

HSBC says it doesn't advise customers about their tax liability and that it would've been up to Mrs H and her husband to let the bank know their tax status.

Our adjudicator didn't conclude that HSBC had done anything wrong. He said the terms of the account say the bank will pay credit interest after it has deducted basic rate tax. If a customer doesn't pay tax, they need to give the bank a form R85. Our adjudicator also said the account statements from 2008 onwards say "net interest".

Mrs H asked me to review her complaint as she feels the bank acted unfairly when it didn't make her and her husband aware that they didn't have to pay tax on the interest earned over an extended period.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I appreciate that it's likely to disappoint Mrs H but I agree with our adjudicator's conclusions.

HSBC isn't under a duty to explore a customer's tax status. The terms of the account tell the customer how the bank will treat interest unless it receives the relevant tax form. The terms also say that HSBC doesn't give tax advice to customers. I can't find HSBC did anything wrong when it continued to pay interest net of basic tax.

HSBC doesn't hold account statements further back than 2008. But the ones it has show "net interest" was paid. HSBC says this information would have appeared on all the statements it sent. I find it reasonable for Mr and Mrs H to have queried this sooner with the bank.

I am very sympathetic to Mrs H's position that the bank should've pointed out that her and her husband were paying tax on their savings. But as HSBC hasn't done anything wrong by not specifically discussing this with either of them sooner, I can't reasonably require it to refund the tax paid.

**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 Mrs H to accept or reject my decision before 30 December 2015.

Gemma Bowen  
**ombudsman**