

complaint

Mr M complains that Northern Bank Limited (trading as Danske Bank) deducted tax on his account even though he had told the bank he was a non taxpayer when he opened the account. And he says that he didn't receive end of year tax statements and only recently became aware that tax had been deducted.

He wants Danske to refund the tax that was deducted and pay him compensation.

background

Danske didn't uphold Mr M's complaint. It said, in summary, that:

- Although it produces tax certificates annually, they are only issued on receipt of a customer request;
- There was no evidence to show that Mr M had completed the required form to confirm that he was exempt from tax. It was a customer's responsibility to ensure that this was done, and so tax had correctly been deducted from the accrued credit interest.

Our adjudicator felt that Danske had dealt with the complaint fairly. She said:

- The terms and conditions of the account provide that interest will be paid net of income tax at the basic rate unless the customer is a non-tax payer and has completed an R85 form.
- Danske said that Mr M hadn't completed the form, and there was no evidence to show that he had done so. As a result, she believed that Danske wouldn't have been reasonably aware that he was a non taxpayer.
- He hadn't received certificates of deduction of tax, as he hadn't requested them. But he had been sent account statements and annual summaries and these showed how much tax had been deducted.

Mr M doesn't agree with the adjudicator's view. He says:

- There were no R85 forms available in branch when he opened the account, and the bank didn't send him the form at a later date. And if the forms had been available in branch he wouldn't have seen them as he has a vision impairment;
- He had asked to receive end of year tax certificates each year when he opened the account;
- He believes that Danske was under a legal obligation to send him tax certificates each year, and he wants compensation as it did not do so;
- Another bank had repaid the income tax and paid him compensation in similar circumstances.

my findings

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

As the adjudicator has explained, the terms and conditions of the account provide that interest will be paid net of income tax unless the customer is a non-taxpayer and has registered for the payment of gross interest by completion of a valid Inland Revenue R85 registration form.

Danske says, and I accept, that it does not hold a completed R85 form for Mr M. So I agree with Danske that tax has been correctly deducted from the interest.

I note that Mr M says that he told Danske that he was a non-taxpayer when he opened the account, but that the R85 wasn't available for him to sign, and wasn't sent to him subsequently. But under the terms and conditions it is Mr M's responsibility to complete the form if he wanted interest to be paid gross. So I consider that he should have raised the issue with Danske at the time.

Mr M says that he asked Danske to send him annual tax certificates when he opened the account. But Danske has no record that he did so. It has explained that it only sends annual tax certificates on request. And, as it sent him statements and annual summaries I consider that he should have been aware that tax was being deducted.

Mr M says that another bank has repaid income tax deducted to him, and compensation, in similar circumstances. But the role of this service is to look at each complaint on its merits. And, having done so, I'm persuaded that Danske has dealt with Mr M's complaint fairly. So I don't require it to do anything further.

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 Mr M to accept or reject my decision before 5 September 2016.

Alison Cribbs
ombudsman