



All-Party Parliamentary Loan Charge Group

www.loanchargeappg.co.uk

Sir Jonathan Thompson
Chief Executive and Permanent Secretary
HM Revenue and Customs
100 Parliament Street
London
SW1A 2BQ

15th March 2019

Dear Sir Jonathan,

URGENT – response to your reply to our open letter about suicides linked to the Loan Charge

We are writing in response to your reply to our open letter about suicides linked to the Loan Charge.

We are astonished that you have evaded the question we asked of you. The key question in our letter was clear and in bold, and as follows:

Can you, as a matter of urgency, respond to us and tell us how many suicides of people facing the Loan Charge HMRC are aware of?

You have wilfully and deliberately ignored this, which is disgraceful.

We ask you again: how many suicides of people facing the Loan Charge (or in the settlement process with HMRC pre Loan Charge) are HMRC aware of? We are not prepared to accept another attempt to evade this question.

We are, however, even more troubled by your letter, for not only do you deliberately evade the question we asked, but you also give the clear impression that HMRC are not aware of suicides of people in this position.

We find it inconceivable that this is the case, considering that we have been told by an HMRC whistleblower (of which there are a number within HMRC who are keen to speak out, being so appalled at what is going on) and have now been informed of three suicides of people that are directly linked to the Loan Charge. We had another report yesterday of a suicide of a further person facing the Loan Charge, who took their own life; we received an email, yesterday, from a firm of advisers saying:

“I can tell you categorically that a client who was facing the loan charge did commit suicide last year. The remaining directors are in the process of settling with HMRC, and neither they nor the wife of the deceased want any publicity as there has been enough suffering already. The accountant has been told not to disclose the name of the company or the person involved and

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he must respect this. It is inconceivable that the HMRC officer handling the settlement will not be aware of this company or the death”.

At our oral evidence session, we heard harrowing testimony from family members of a man who committed suicide facing the Loan Charge and who cited this as the reason for his suicide. In the evidence we heard, the family told us they had written to HMRC and heard nothing for seven weeks, but were then told, “thanks for letting us know”.

There are only two conclusions to be made here.

Either HMRC are aware of suicides linked to the Loan Charge and are hence giving the false impression that you do not know about them. Or you are not in control of your organisation and unaware of a matter as serious as the reports of suicides of people being pursued by HMRC. It is, to us, frankly inconceivable that you would not be informed of a suicide if reported to HMRC officers. If you are aware about the suicides, then you have attempted to mislead Members of Parliament, which is a very serious matter for someone in your position.

We remind you of the Civil Service Code to which you and all HMRC Officers are bound, which includes that you must not “deceive or knowingly mislead ministers, Parliament or others”, and must not “ignore inconvenient facts or relevant considerations when providing advice or making decisions”.

You have either sought to mislead by ignoring facts you know about or you have no idea what is going on with regard to your organisation’s liaison with people facing the Loan Charge. Either conclusion is damning.

We are also appalled at the suggestion, continually made by HMRC: that suicidal people should contact HMRC to “settle their tax affairs”. An anonymous HMRC spokesperson stated to the Financial Times report on our first letter and said, “We take the welfare of customers very seriously and we treat all customers with sensitivity to help them to understand the options available to them to settle their tax affairs”. You also say in your letter that people should contact HMRC, as “that is by far the best way for HMRC to support them”.

It beggars belief that HMRC continue to say that people who are suicidal due to the disputed demands they are facing and pursuit from HMRC should contact HMRC to settle their tax affairs. This is grossly insensitive, but also deeply reckless, when you know that the problem stems precisely from demands HMRC are making of them.

We also note the constant use of the phrase “settle their tax affairs” when you know full well that the amounts HMRC are demanding over loan arrangements are disputed and that, were it not for the Loan Charge, there could be no tax due at all. Without the Loan Charge, HMRC would be required to allow people to appeal to a tribunal to decide the positions for any open tax years, with closed years out of HMRC’s reach due to your organisation’s inaction and failures going back 20 years.

We also note regular use of the phrase asking people to “put their tax affairs right” which is clearly part of the strategy of forcing people to feel, and accept, guilt for wrongdoing. This is despite the arrangements they used being entirely legal at the time. HMRC deliberately misrepresents the Rangers

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Supreme Court case, which remains the position in law, but the loans are still not taxable other than through the Loan Charge.

We have been informed that the use of such phrases is part of the 'nudge' strategy used by HMRC based on behavioural insights, something we are very concerned about. We now believe there should be an investigation into this and the effect that this strategy is having on those on the receiving end, including those who have taken their own lives.

The evidence we have clearly shows that HMRC's whole approach is a direct cause of the acute anxiety and stress people subject to the Loan Charge are experiencing.

We are today publishing the Loan Charge Inquiry survey and this is absolutely clear in its findings. The Inquiry also received well over 500 submissions.

The survey report includes the following passage:

It is incumbent upon us to report that over 60 survey participants made a direct or a strongly implied statement that they intend to end their life as a means of sparing their family the financial pain or simply to end the horrific reality of the Loan Charge along with the uncertainty and trauma it has brought: 40% of respondents have seriously considered suicide. If we had the ability to identify the 60 individuals we would be immediately informing public health bodies and encouraging them to intervene in these cases. We regard this overall situation as a public health emergency.

The survey also shows that nearly every single respondent to the survey (~98%) said they feel criminalised. **The family who gave oral evidence to the Loan Charge Inquiry stated** that he felt as if he had done something that broke the law and that he might go to prison. Their evidence included this, referring to his suicide letter:

"The letter spoke of the love he had for his family but what he mostly referred to was himself. He wrote about being at the end of his tether with the loan charge matter. He wrote such awful things about himself, things that just weren't true, that he clearly thought about himself at the time. He wrote that he did not set out to do such wrongdoings; he wrote about being unable to speak to his GP about his anxiety as he was ashamed, his fear of going to prison, his disgust in himself for getting mixed up in the Loan Charge and his belief that he would now go to hell. [He] finished his pages and pages of his letter with "I can't say any more. I'm so very scared of what I have to do today but I am at my wits' end and can't see any other way".

It is simply not credible for you to try to deny this link (or deny the fact that suicides linked to the Loan Charge have occurred) and this is something that should be of huge personal and organisational concern to you.

We must again point out that you were warned about the risk of suicide from the Loan Charge.

The Evening Standard reported this on 13th June 2018 <https://www.standard.co.uk/business/suicide-watch-the-preventable-tax-timebomb-looming-for-freelancers-a3861916.html>.

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You were sent a letter dated 13th June by the Loan Charge Action Group, a letter that has been shared with the Loan Charge APPG:

“I need to make you aware, as a matter of some urgency, that we have members who are reporting suicidal thoughts and actual risk of suicide to us as a group. Monday night we had one such report from a member who contacted us in distress and who was clearly of a suicidal mindset. He attributed this directly due to the realisation of what the 2019 Loan Charge will mean for him and his family. Shockingly, this was the second such call in less than two weeks. We are becoming more and more deeply concerned about the effect this policy is having on people’s mental health and ultimately, on their daily lives. With the suicide risk being a direct result of your relentless pursuit of individuals, including our members, we hereby demand that you establish, as a matter of urgency, a 24-hour helpline that individuals may call if in severe mental distress or have suicidal thoughts”.

You did not respond to this letter in person which, considering what it was about, is surprising. However, the reply from Julie Elsey, which we have also seen, merely offered that people contact HMRC to settle their tax affairs, which is staggering in its callous indifference. APPG member Stephen Lloyd MP also called for a proper helpline in the House of Commons on 3rd July 2018.

Neither HMRC nor the Treasury have heeded calls to set up the 24-hour counselling service that is clearly needed. However, in misleading fashion, which typifies HMRC’s conduct throughout its handling of the Loan Charge, you seek to give the impression that HMRC are being responsive to the situation:

“HMRC has had a number of exchanges with the Loan Charge Action Group (LCAG) in connection with the setting up of a helpline for people in distress”.

We note that you are trying to tell us that we should not be calling for a delay to the Loan Charge and a suspension of settlement, even in light of the Loan Charge suicides that have occurred. We are appalled that you are trying to tell a group of elected Members of Parliament what they should or should not call for. We are additionally appalled that you are saying we should not be calling for the suspension of a policy that has had, and is having, a devastating and, in some cases, tragic impact on people and their families. For a senior civil servant to do this is a breach of protocol and a very worrying confusion of the role of HMRC, whose job it is to administrate the collection of tax, not to make policy nor to defend it. How dare you tell us that we should not be calling for a delay in the Loan Charge and for a suspension of settlements. Indeed, we believe that for you and the Treasury to ignore this call is wilfully reckless now that we know of suicides linked to the Loan Charge.

Dr Iain Campbell, Secretary-General of the Independent Health Professionals Association, warned of the situation back in June 2018: “It’s not just twenty years of retrospective taxation, it’s a preventable mental health timebomb. Sadly, we’ll see more suicide attempts. Where’s the state’s duty of care?” The APPG would now ask that again. We see no evidence of the duty of care and, tragically, not only have there been more suicide attempts, but we know there have been more suicides.

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If the threat of more suicides were taken at all seriously by HMRC and the Treasury there would be an immediate delay to the policy and a suspension of all settlements linked to it. We will continue to call for this and continue to hold HMRC to account for trying to block this, despite being fully aware of the likely consequences.

Finally, as you are well aware, we have no authority to pass on details of individuals to HMRC or anyone else without their express permission. Doing so would break GDPR rules. We believe, in any case, that HMRC must be aware of some of the suicides (and have been told that by the whistle-blower). You are most certainly aware of and have been aware for some considerable time of the suicide risk, but you are refusing to countenance a delay. This is shameful.

We require an urgent answer to the question as to how many suicides of people facing the Loan Charge we are aware of. We will not accept a second attempt to evade this question and we look forward to receiving your answer as a matter of priority.

Yours sincerely,



Sir Ed Davey MP
Chair



Ruth Cadbury MP
Vice Chair



Ross Thomson MP
Vice Chair

On behalf of the Loan Charge APPG

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