



# All-Party Parliamentary Loan Charge Group

[www.loanchargeappg.co.uk](http://www.loanchargeappg.co.uk)

Jim Harra  
Chief Executive and Permanent Secretary  
HM Revenue and Customs  
100 Parliament Street  
London  
SW1A 2BQ

Dear Jim,

## **HMRC arrests on suspicion of fraud and HMRC press release**

The Loan Charge APPG notes the announcement on 27<sup>th</sup> February 2020 by HMRC of arrests “on suspicion of fraud in connection with promoting arrangements designed to get around paying the loan charge”.

The APPG welcomes any and all action against any illegal activity related to tax issues, including tax evasion and attempts to defraud people by persuading them to hand over money to help them get around tax law when they can do no such thing, or any attempts to fraudulently con people into handing over payroll loans they claim that people owe them, when they do not. We support justified HMRC action in any and all such cases, including in this one.

However, we are concerned and disappointed that the HMRC press release of 27<sup>th</sup> February 2020 suggests it is about so-called “disguised remuneration” and gives the misleading impression that it is of promoters of schemes subject to the loan charge, for promoting/selling such schemes, when this is not the basis for the arrests.

This is the second time HMRC have done this (they did so with arrests in March last year). In reality, there have so far been no arrests, prosecutions or convictions of anyone or any company that promoted loan schemes now subject to the loan charge, for promoting/selling such schemes.

The reality remains that those who promoted, sold and recommended loan schemes now subject to the loan charge have not been asked to pay a penny for doing so; whereas those they promoted, sold and recommended the schemes to are facing huge, and in many cases life-ruining, bills.

We do, however, welcome action on new schemes, which falsely seek to get round the loan charge. We have been informed of several schemes being promoted to vulnerable people

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claiming that the scheme will remove liability for the loan charge and we will continue to urge action to close down such schemes, something we have seen little of so far. Sadly, some people may well be signing up to these out of desperation and paying large fees in the hope of making their huge and unpayable loan charge liabilities disappear. We very much welcome action against any such schemes to close them down or, where appropriate and the law has been broken, to pursue matters through the criminal justice system.

However, we cannot allow, without comment, this false impression that HMRC are acting against promoters of the loan schemes that have left thousands of people facing huge bills. Such promoters have still faced no action and there have been no arrests, no prosecutions and no convictions for promoting the loan schemes now subject to the loan charge.

The language in the press release also talks about people being caught up in tax fraud, which is criminal, and at the same time repeats HMRC's usual line about loan schemes being "too good to be true". So whilst these arrests are not for the selling of loan schemes, the press release gives the general impression that they are. The conflation of these things may assist HMRC covering up their complete lack of action against promoters of loan schemes, but is unhelpful and also dangerous. The APPG has heard from the family of a man who committed suicide whilst facing the Loan Charge who wrote in his suicide note that he feared going to prison and many others have reported that they feel criminalised by HMRC over the Loan Charge, when there is no question of any criminal offence.

We also need to make the important point, which HMRC singularly failed to make in its press release, *that any such alleged fraud is actually being perpetrated against people facing the loan charge - **so people facing the loan charge are likely to be the victims of this kind of fraud.*** So the reality of the situation is that vulnerable people, having been recommended loan schemes, are now facing such scams where they are being asked to hand over even more money to get out of their loan charge liabilities, yet now HMRC in their language are deliberately linking the two and further increasing the sense of loan charge victims feeling criminalised (never mind expressing any sense of the fact that it is people facing the loan charge who are the potential victims in any such fraud). This is both unfair and irresponsible on the part of HMRC.

What makes this even worse, if the reports are true, is that this alleged fraud is being rumoured to be linked to one of the companies known to be seeking to recall loans i.e. demanding that people pay the loan back to them (not by the original lender, but by another party which claims to own the rights to the loan debt). So, people are not only facing the loan charge, they are also facing companies demanding they pay their loans back. Yet HMRC, in its release, deliberately sought to conflate this fraud against those facing the loan charge, with people's decision to follow professional advice and go into loan schemes in the first place. That is wrong and shows that HMRC wishes to infer that this is all the same – and that the victims who are in danger of being scammed twice and fleeced twice – should have known the original schemes, unrelated to the alleged fraud, were "too good to be true". This is absolutely nothing to do with these arrests

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and as such can only be seen as deliberate misdirection of journalists but also could be regarded as HMRC seeking to blame people who have been or could have been the victims of fraud.

This is the second time HMRC has presented the arrest of people allegedly seeking to defraud people facing the loan charge, as if this represented action against promoters of loan schemes, for selling such schemes, now subject to the loan charge. In May 2019, HMRC announced the arrest of six individuals in two criminal investigations who were alleged to have been promoting arrangements which they claimed would remove the liability for the Loan Charge. HMRC and the Treasury here too gave the misleading impression that this represented them cracking down on promoters of schemes subject to the loan charge, for promoting/selling such schemes, when it was nothing of the sort.

This is not acceptable and in our view is another example of the misinformation (and indeed deliberate disinformation) from HMRC over the Loan Charge, which we highlighted in our Loan Charge Inquiry and also in a letter to your predecessor, Sir Jonathan Thompson, who himself evaded several of the key questions we asked of him.

Whilst the APPG welcomes any and all action against any illegal activity we must demand that HMRC be clear in their future press releases that arrests are for fraud or tax evasion offences and not for promoting/selling loan schemes or for the usage of such schemes by people who took professional advice to use them.

We also urge HMRC to take any action it can against schemes that claim to get around the loan charge and also on the recall of loans, which is something now facing many people. We will be the first to welcome any such action on both of these things, which are causing even more distress for people already facing the loan charge, but we also urge you to instruct the HMRC press office to communicate any action honestly and not to conflate it with loan scheme usage or to misrepresent it as action against promoters of loan schemes now subject to the loan charge, for selling such schemes.

Yours sincerely,



Sir Ed Davey  
Co-Chair



Ruth Cadbury  
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Sir Mike Penning  
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On behalf of the Loan Charge APPG

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