



All-Party Parliamentary Loan Charge Group

www.loanchargeappg.co.uk

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

23rd March 2020

Dear Mr Harra,

We are writing to you to express our serious concern at reports we have received about three matters which appear to represent maladministration and misconduct on the part of HMRC, in relation to HMRC's treatment of people facing the Loan Charge.

1. Letters threatening penalties for not completing a tax return
2. Phone calls demanding a 5pm call back and threatening enforcement action if this does not happen
3. HMRC staff contacting vulnerable customers they have been notified not to contact

Taking each of these in turn:

1. Letters threatening penalties for not completing a tax return

We have received reports of, and been sent examples of, letters being sent to people facing the Loan Charge, who were told by HMRC that they did not have to complete a 2018/19 tax return in January. HMRC has now written and notified them that they are to receive a penalty fine for not submitting one.

As you know, the Government announced it would accept some changes to the Loan Charge legislation. As part of this, HMRC announced that they would waive all late filing penalties and interest as long as individuals affected by the Loan Charge submitted their return before 30th September 2020.

For HMRC to penalise people in this situation is disgraceful. This is causing yet more anxiety for people already facing the Loan Charge and the prospect of financial ruin.

As a matter of urgency, we ask that you please tell us how you will address this problem, both to stop any further such communications and also to apologise to those to whom such letters

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Vice-Chairs: Baroness Kramer, Andrea Jenkyns MP, Sammy Wilson MP

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and threats of penalties have been sent, as well as reassuring them that they will not be faced with any such penalty in the future.

2. Phone calls demanding a 5pm call back and threatening enforcement action if this does not happen

We have received several reports from people who have informed us that they received a telephone call from (or purporting to be from) HMRC demanding that they call them back by 5pm to arrange a time-to-pay arrangement or they will face enforcement action.

If these calls are indeed from HMRC, this is clearly misconduct as HMRC do not have the authority to make threats of this nature. There is specific legislation that covers such instances, including Schedule 36 information notices.

HMRC can only issue such threats in writing to request information or documents from individuals, and must do so providing a reasonable timescale. A voicemail does not meet the requirements of Section 7 of the Interpretations Act and people are not legally obliged to respond to them.

The recipient of any such message may not be able to prove that the message was received in the first place. A threat of court action delivered in such a manner is in clear breach of legislation as well as representing unacceptable harassment of people.

Action should be taken if any HMRC staff have made such calls/left such voicemails and we ask you to tell us how any such calls came to be authorised.

3. HMRC staff contacting vulnerable customers they have been notified not to contact

We have had several reports of HMRC staff contacting vulnerable customers who are not supposed to have any direct contact from HMRC. This includes sending text messages to individuals affected by the Loan Charge and, in some cases, leaving voicemail messages as referred to above. This is particularly disturbing.

A variety of excuses have been given, including that HMRC members of staff could not contact the individual's agent. We have been informed, however, by an adviser in one such case that this is not true: HMRC did not contact them at all in the same period under question, but instead hounded the client ***despite knowing that the individual is at risk of suicide***. This is appalling behaviour.

Action must be taken against HMRC staff who have behaved in this way.

All such behaviour reflects very badly on HMRC. We are therefore asking you for an explanation regarding these three instances and in particular the cases of HMRC staff making phone calls

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and contacting vulnerable customers. We ask that you investigate these very serious matters, including how they came to be authorised and on what basis.

We are also urging that HMRC (and debt management agencies acting for HMRC) cease all home visits for any/all UK citizens.

There are many people facing the Loan Charge who are older or retired and many more who have experienced a serious deterioration to their health as a result of facing this punitive legislation and would therefore be classed as vulnerable.

We have also been informed that there are confirmed Covid-19 cases amongst HMRC staff. You must therefore announce that there will be no home visits made at all by HMRC staff until Government medical advice deems it is safe to do so. We also express our concerns and best wishes to HMRC staff who are affected by Covid-19.

Finally, we understand that HMRC staff are currently very stretched and are struggling to cope, partly due to shortages of staff. HMRC has announced that the Corona Crisis telephone lines for small businesses and the self-employed will operate on reduced hours and there are also reports of very long wait times for callers. We would therefore urge that all HMRC staff currently engaged in pursuing people over the Loan Charge and related matters such as APNs are instead redeployed to other areas which urgently require their help. The Loan Charge can wait until this crisis is over.

Yours sincerely,



Sir Ed Davey
Co-Chair



Ruth Cadbury
Co-Chair



Sir Mike Penning
Co-Chair

On behalf of the Loan Charge APPG

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