All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

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www.loanchargeappg.co.uk

James Murray MP
Chief Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

22nd September 2025

Dear James,

McCann Review into Loan Charge settlements – process of discussion with the Treasury and HMRC

First of all, may we offer our congratulations on your promotion to Chief Secretary to the Treasury.

We presume you will continue to oversee the conclusion of the McCann review process that you established earlier in the year and we are writing to you about this with some important questions about the process.

We once again reiterate the reality of the McCann Review. It is not, as you and the Treasury have described it, an 'independent loan charge review'. It is, as indeed you yourself made clear in your Ministerial statement, "*this review will examine the barriers preventing those who are subject to the Loan Charge but have not already settled and paid their tax liabilities in full from reaching resolution with HMRC. It will recommend ways in which they can be encouraged to settle with HMRC*". It does not review the Loan Charge itself and leaves that in place, which means it is by definition not a review of the Loan Charge. In addition, as a former Assistant Director of HMRC and someone previously involved in dealing with related schemes, Ray McCann cannot be regarded as independent. Instead it is at best an 'arms-length' review of settlement terms, by a former HMRC Assistant Director. We believe that this can be a potentially be a useful exercise, but only if Mr McCann is permitted to make significant changes to settlement amounts and terms. However it is not an independent loan charge review and it is wrong to present it as such.

Within the context of the limited review as it is, we have some important questions about the process, as it is not clear what the process is from the point Mr McCann first presents you with his first draft and the point of publication and simultaneous Government response which we expect from what you have said, to be in the Budget in November.

First of all, dealing with the timing of the publication of the review, it is important to point out that it is wholly inappropriate that this is being regarded by you and the Government as being linked to the Budget and therefore a fiscal decision. The Loan Charge, as you have acknowledged yourself, is a deeply controversial policy that has spectacularly failed to deliver its stated objectives, as well as causing untold misery, mental and family breakdown and tragically leading to the suicides of ten people and the attempted suicide of others. A genuine review would be looking into all of this, the legislation itself and the failure to stop the promotion of tax avoidance schemes, as well as the devastating and unfair human impact, through targeting victims of mis-selling, as opposed to all those who profited from recommending, promoting and operating these schemes.

To instead treat this as a fiscal decision, based on how much the Treasury might be prepared to allocate to resolving this issue (but without actually reviewing the legislation or the whole history of the Loan Charge Scandal) shows that this is not a genuine Loan Charge review at all, but an exercise in tweaking settlements of those already unfairly deemed to have deliberately avoided tax, on the basis of taking professional advice (and in some cases being pressurised or even forced into working in this way). We note you have not replied to our questions on how much leeway Mr. McCann has in terms of reducing settlements and we have further questions about this.

Secondly, we are also concerned about the role that the Treasury (and HMRC) will have in discussing the report and recommendations, before the report is published.

This is what is says in the terms of reference about timing and recommendations:

> **3. Timing and recommendations**
>
> The review will commence on 23 January 2025 and the reviewer will report and present their recommendations to the Exchequer Secretary to the Treasury by Summer 2025.
>
> The review's findings and recommendations will be published in a report. The reviewer will have the final say on what is included in that report. The timing of its publication will be determined by the Exchequer Secretary to the Treasury. The government will consider the review once concluded and publish a response by Autumn Budget 2025.

A key phrase used here and also subsequently in answers to parliamentary questions is that Mr McCann will have "the final say" on what is included in the report. This is a very specific phrase, which can only be taken to mean that there will be discussions prior to this point, about content of the report and the proposed recommendations, before they are finalised. This therefore means that there may well be changes to the report and recommendations as a result of those discussions.

If the process was for Mr McCann, as reviewer, to finalise the report and recommendations with no input or any discussions with the Treasury/HMRC then you would have stated this in the terms of reference. Therefore the process includes discussions between with you and Mr McCann (and presumably Treasury officials (and potentially also with HMRC) which will influence the final report and recommendations from those originally proposed by Mr McCann (and may change them). This of course may be because the initial recommendations put forward by Mr McCann may not be acceptable to you and the Government according to your instruction that he must not recommend anything that would "undermine the fiscal position". Whilst this is not unreasonable for an exercise in the Government reviewing settlements, it is clearly not what should or would happen with a genuinely independent review.

We made this point in our letter to the Chancellor in December 2024 where we stated very specifically:

- There must be no private discussions or communications between HMRC or the Treasury during the review/inquiry. The only communication must be evidence submitted to the review/inquiry, which must be published and public.
- No party should be allowed to see the report or hear of any conclusions or recommendations until it is published.

Clearly neither of these things are the case.

We also note that at our meeting with Mr McCann, where we had a very helpful and length discussion about his review, he told us:

> "I'm very conscious that I don't want to undermine the Minister's authority in terms of reaching decisions. I'm also conscious of the fact that the Minister has put me under quite firm requirements that I can't recommend anything that will undermine the fiscal position…Once my report goes in with the recommendations, then I think it would be incumbent upon me to await some response from the Minister and some indication of direction before I start talking about where I'd like it to end up".

This statement "*Once my report goes in with the recommendations, then I think it would be incumbent upon me to await some response from the Minister and some indication of direction before I start talking about where I'd like it to end up*" makes clear that there will be a input from you and/or the Treasury before the report and recommendations within it are finalised. This tallies with the use of "the final say" thus making clear that the report and recommendations that are actually published are likely to be different from the initial draft report and recommendations put forward.

Thirdly, we remain very concerned about the restrictions you have put on the review, in terms of what it is permitted to recommend.

Mr McCann says (reflecting what is in the letter you wrote to him when the review was announced) that "*I'm also conscious of the fact that the Minister has put me under quite firm requirements that I can't recommend anything that will undermine the fiscal position*".

What is still not clear – and a point that we have raised previously and not had any response to – is what restrictions you have put on Mr McCann in this regard.

Of course, a genuinely independent review would have no such artificial restrictions as to what level of liabilities/demands (if any) those affected should be subject to (as well, of course, as reviewing the validity of the Loan Charge legislation itself).

The phrase "*anything that would undermine the fiscal position*" is troubling, because it gives the impression that Mr McCann cannot recommend anything that reduces settlement terms substantially (or even at all). If that is what he would otherwise recommend (and if that is what he concludes/concluded a just outcome would mean) then forbidding him from recommending this renders the review largely meaningless, as well as clearly not independent.

In your original letter to McMcCann, when you announced the review, you stated to him:

> "As we have discussed, the review must therefore focus on bringing closure for the unsettled and unpaid Loan Charge populations, with targeted solutions that have the minimum possible impact on the public finances".

We raised our concerns in our letter to the Chancellor in February over what in reality these statements meant and whether McCann would have the ability to recommend:

> "...we do wish to ask is what this actually means, in practice for this review of settlement terms. In other words, what parameters is the review operating within, in terms of how much Mr. McCann can reduce individual demands (not 'debts') by and how much is he permitted to reduce the overall prediction of revenue by. These are fundamental questions, because the suggestion from the wording above is that he will not have very much leeway, in which case the whole review would be fairly meaningless. We sincerely hope that is not the case".

You did not properly answer this point in your reply to us, dated 3rd April 2025. On this point, you simply told us this:

> "On affordability, it would have been irresponsible for the Government not to acknowledge the challenging fiscal circumstances that we inherited. That is the context in which this review takes place. I will not pre-empt the outcome of the review, but I am clear that the review should focus on bringing closure for the unsettled and unpaid Loan Charge populations, with targeted solutions that have the minimum possible impact on the public finances. Any recommendations should be sufficiently well-targeted at the review's objectives to minimise their fiscal impact, and as I set out in my letter to the reviewer, we will not be able to accept recommendations that do not meet this condition".

It is somewhat disingenuous to say you will not pre-empt the outcome of the review, within a paragraph where you make clear you are restricting Mr McCann to 'solutions' that *"have the minimum possible impact on the public finances".* You here reiterate and reinforce that any recommendations must "minimise the fiscal impact" and that you will reject any recommendations that do not meet this condition (which again confirms that this is not at all an independent review with the reviewer allowed to make whatever conclusions he believes are right and just).

With so many people and families hoping for a way out of the Loan Charge nightmare, we believe you must state how much you have restricted Mr McCann in terms of what he is allowed to recommend, in terms of reducing Loan Charge demands ('settlements'). It is also very important for that Parliamentarians, as well as all those affected, understand what the process is and also what restrictions you have imposed on Mr McCann.

In the interest of transparency, therefore, we ask you to answer these questions fully and properly:

1. Can you please lay out the process from Mr McCann's initial draft report (the first one he sends or has sent to you) up to the publication of it and your response to it?

2. What discussions have there been/will there be between Mr McCann and you and/or Treasury and HMRC officials, before you publish the report and the Government's response?
3. What specific discussions there will be on the recommendations in the initial draft report, before McCann has 'the final say'?
4. What in reality does in mean saying that the reviewer will have 'the final say' in terms of recommendations, when you have restricted him to only make recommendations that have "the minimum possible impact on the public finances"?
5. What in practice does it mean that you will only accept recommendations from Mr McCann that will "minimise the fiscal impact"?
6. What are the parameters you have instructed Mr McCann to work within in terms of what he is permitted to recommend in terms of adjusting settlements?
7. Is there a maximum percentage that Mr McCann is permitted to reduce individual settlements by?
8. Is there an overall maximum figure by which he is permitted to reduce settlements overall?
9. Why is the report of what is supposed to be a review of a deeply controversial and failed Government policy being treated as a Budget announcement, when this is clearly not what a genuine review would be?

The questions relating to what parameters/figures Mr McCann must work to are even more pertinent, considering the extraordinary revelation in July that HMRC did a deal with large companies, for use of schemes related to the Loan Charge, for just 15% of what HMRC said they owed.

As Ray McCann himself told Sir (now Lord) Morse about this at a meeting on 17th September 2019 during the 2019 Morse Review stating:

> "The earlier settlement opportunity that had been open to large companies had included significant discounts, so that eventually the companies settled for somewhere in the region of 15% in 2015"

As Mr McCann also stated, those caught up in the Loan Charge Scandal have been singled out and treated in a discriminatory way. The meeting notes show Ray McCann stating that contractors have been offered no discounts and are the only group that this applies to:

> "The contractors weren't offered these terms. RM [Ray McCann] has been hugely critical of HMRC because in his view, much of the problem is down to HMRC's handling of the whole issue."
>
> "Settlement opportunities have always had a discount, and contractor one is the only one that didn't. Even ingenious who are battling away with HMRC still had a 25% discount offered".

Ray McCann also told Sir Amyas Morse that HMRC's singling out of contractors was discriminatory:

> "RM thinks that contractor arrangements discriminate against contractors for reasons that aren't apparent".

It therefore is hard to conclude anything other than that Mr McCann believes contractors should also be offered terms similar to those offered to large corporates. Our concern is that you have dictated parameters to him that means he is unable to do so. Once again, this would confirm that this is not an independent review even of settlement terms, never mind the Loan Charge itself.

As you know, HMRC has a duty to treat taxpayers fairly and not to discriminate between them. It's whole approach to those caught up in the Loan Charge Scandal has been clearly discriminatory and breaches this duty. On X (formerly Twitter) Mr McCann has also referred to this treatment as a "punishment strategy". This must now be properly and fully investigated (something alas excluded from the current review).

We note that we have still not had a reply to our letter to the Chancellor of 1st July on this matter. We hope you will fully and properly answer the seven questions we asked in that letter.

We note that in answers to parliamentary questions about this you have been stating "we do not recognise this claim". This is clearly a ridiculous statement, considering that the 15% deal was revealed by Mr. McCann, who has been conducting the review you yourself appointed him to do!

Rather therefore than making a statement designed to give the impression that the Treasury does not know about this deal (which is not credible anyway) all you need to do is speak to Mr McCann to find out about it. Indeed it is inconceivable that you have not already done so, considering that we wrote both to the Treasury and to Mr McCann about this matter. Unless you are claiming that Mr McCann's statement to Sir Amyas Morse was incorrect or the minutes of the meeting between them (taken by seconded Treasury and HMRC staff) are wrong, it seems clear that this 15% deal did happen, so it is incumbent on you and the Treasury to now properly explain it as Parliament has a right to know – and the right to know why HMRC gave such large discounts to big companies able to afford to pay their demands, whilst ruthlessly pursuing individuals who simply took and followed professional advice. In any case, Mr. McCann is clear that contractors have been treated uniquely harshly, compared to other groups. This discrimination is something that must be both properly revealed and explained.

A refusal to respond on this point to would be covering up something that Ray McCann, a respected former HMRC Assistant Director and the person you yourself trusted to conduct this review has admitted. This would be completely unacceptable. Please do now respond and answer the seen questions in our earlier letter, as well as answering the questions within this letter. There has previously been far too much withholding of information and obfuscation by HMRC and the Treasury during the Loan Charge Scandal and we trust that you will not wish to continue this and will want to be fully transparent. Parliament has a right to know about the deal HMRC did with large corporations that Mr McCann knows about and informed Sir Amyas Morse about.

We reiterate once again that all individuals affected by the Loan Charge and pre 2010 cases (including those who have settled) must be offered at least the same discounts as large corporations. Anything else would be manifestly unfair, when you yourself have acknowledged that people are victims of mis-selling.

We also continue to maintain that there needs to be a full, genuinely independent inquiry into the whole Loan Charge Scandal and that only this will get to the whole truth about the issue and the profound failure of the legislation to achieve what previous Ministers (in previous Governments) said it was introduced to do. Such an inquiry should be chaired by someone with no history of working for HMRC or the Treasury.

We look forward to hearing from you.

Yours sincerely,

Sammy Wilson MP	Greg Smith MP	Sarah Olney MP
Co-Chair	Co-Chair	Vice-Chair

cc. The Exchequer Secretary to the Treasury
The Treasury Select Committee
The House of Lords Economic Affairs Committee