All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

www.loanchargeappg.co.uk

Sir Geoffrey Clifton-Brown MP
Chair
Public Accounts Committee
House of Commons
London
SW1A 0AA

24th November 2026

Dear Sir Geoffrey,

Further information relating to the cost of the Loan Charge and associated HMRC activity - and HMRC's failure to provide you with the full ongoing cost estimate that you requested

As you and the Committee know, we wrote to you in April regarding the reality of the costs of the Loan Charge and associated HMRC activity. We highlighted for the committee the extraordinary failure of the whole approach and the very significant costs to the taxpayer, with HMRC spending £31 million a year from 2019 to 2025, therefore around £186 million and during that time only managing to settle 800 cases with individuals affected.

Since we last wrote to you, the legislation implementing the Government's adjusted recommendations of the McCann Review into Loan Charge settlements has been passed and HMRC has now begun contacting those within its remit.

Yet despite this - and despite the Public Accounts Committee and the Loan Charge and Taxpayer Fairness APPG asking - neither HMRC nor the Treasury has published a full cost estimate of how much it will cost to resolve all the outstanding cases.

The Government and HMRC are simply carrying on without giving a full figure for the ongoing costs or any apparent evaluation of the cost-effectiveness of their ongoing approach. This is neither acceptable nor commonsensical.

We are writing again to you and the Committee with information that has come to light since then, which shows even more starkly why the Public Accounts Committee should conduct an inquiry into the Loan Charge, it's overall cost and ongoing cost estimate.

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HMRC reply to your letter

We note that on 28th July 2026, John-Paul Marks, First Permanent Secretary and Chief Executive of HMRC, replied to your letter dated 16th July which specifically asked for clarification of the ongoing costs of the Loan Charge.

In his reply, it is notable that Mr Marks failed to provide what you and the Public Accounts Committee had asked for. You had specifically said:

> "It would be helpful if you could clarify the ongoing costs of the Loan Charge".

Yet Mr Marks has failed to provide all the ongoing costs, which is unacceptable - and means that the Committee and Parliament still does not have the full cost estimate of the ongoing Loan Charge Scandal.

He did provide one useful figure, which is the current HMRC estimate for the caseworker cost per year, which he stated is £20 million.

> "We estimate direct caseworker costs of approximately £20 million per year for the next three years".

That is a very significant figure and means that over the next three years, HMRC will be spending £60 million on caseworker costs alone.

We note that Mr Marks has given a period of 6 years, which indicates that HMRC is predicting that cases will take six years to be resolved

> "over the six-year scorecard period from 2025-26 to 2030-31".

Over six years, caseworkers' costs could amount to £120 million (and more when taking into account inflation and increased wages/salaries.

However, we know that the costs to HMRC of dealing with 'disguised remuneration' cases includes other significant costs. Mr Marks has failed to provide you and the Committee with any figures for these.

This means that despite the Committee seeking information for the overall costs of the Loan Charge (and related activity), this is still not known. We believe that the Committee should ask Mr Mark's to provide this information and this time to do so fully and properly.

We do know from the report of the McCann Review that HMRC have given a figure of £41 million annually for the overall resource cost of 'DR compliance' and that a remarkable 700 HMRC staff are required for this. Point 33, page 84, states:

> HMRC has told the Review that it currently estimates the resource cost of DR compliance as being some £41 million annually and requiring almost 700 HMRC staff at various levels.

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That suggests that the projected costs of 'compliance' (for all the remaining cases, both those affected by the McCann Review and those that the Government excluded from it) will be £246 million.

It is also notable that Mr McCann notes that this figure could "increase significantly" when costs such as increased tribunal/court activity is factored in. Mr McCann also notes that HMRC's costs do not include Treasury or parliamentary time and associated costs.

We therefore implore the Public Accounts Committee to push HMRC to now give a full, credible and transparent estimate of the entire cost projections of dealing with all remaining DR cases and all activity associated with the whole Loan Charge Scandal.

Office of Budget Responsibility forecast information on the costing of Government response to the Loan Charge independent review

The second source of information that has been revealed since we last wrote to the Committee is that over the parliamentary summer recess, on 27th August, The Office of Budget Responsibility published what it called supplementary forecast information on the costing of the Government's response to the Loan Charge review. That document is here.

What is very notable is that the OBR has said that the Government implementation of the McCann Review has a high level of uncertainty. It states:

> 1.17 This policy costing was assigned a 'high' uncertainty rating. There is a high level of uncertainty around the behavioural response of customers. There is also uncertainty regarding the implementation profile, although much of this impact would beyond the forecast period.

The first sentence acknowledges that despite this new 'settlement offer' following the review, there remains a high level of uncertainty as to what the ongoing costs will be. Considering the very significant costs between 2019 and 2025, this is very troubling and makes clear that little has really changed, which goes against Treasury Ministers' claims that the McCann Review would "bring matters to a close" for those affected.

The second sentence is also notable, as it is saying that the uncertainty means that predictions go beyond the currently estimated period in which HMRC and the Government are predicting cases will be resolved, meaning that the Loan Charger Scandal will go on even longer - with the ongoing very notable costs involved.

What this tells us, therefore is:

(a) That the ongoing costs of the Loan Charge and associated HMRC action are very uncertain
(b) That it is expected that it will take longer - at least several years longer - for HMRC to resolve/conclude all the cases currently unresolved, which will increase the overall costs even more (and potentially very substantially).

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Ray McCann's predictions that a considerable proportion of HMRC demands won't be paid

The other information that is notable from a recent Freedom of Information response is that in the Treasury appointed review, Ray McCann (who of course was a former Assistant Director of HMRC) made clear to the Treasury, before he was appointed., that he believed that a considerable proportion of HMRC's demands would not be paid.

A recent Freedom of Information response reveals this, from an internal email from Treasury and HMRC officials, discussing the draft terms of reference of the review. In the attachment, 'Note for XST on LC review following Ray McCann's letter' it states:

> We understand that Ray is working under the assumption that a potentially significant proportion of outstanding DR liabilities are uncollectable.

A similar point is made in the actual McCann Review report, on page 18:

> Having regard to the fact that some of those involved will never be able to pay the full amount required to meet the liability HMRC expects, HMRC's actual yield is already unlikely to meet its current estimate of outstanding liability.

Yet as far as we can see, there is still no credible estimate of the realistic sum that HMRC will actually collect, nor the full costs. What that means is that Parliament has no idea what the cost effectiveness of HMRC's approach will be.

The reality of the McCann Review 'settlement offer' as implemented

We are also concerned that despite holding a limited review of Loan Charge settlement terms, with the stated intention of "bring matters to a close for those affected" the Government's implementation of this will not resolve thousands of cases and therefore there will be a very considerable ongoing cost to the taxpayer - and one that is not being admitted by HMRC or the Treasury.

This is especially this case because of the £70,000 limit on reductions imposed by the Treasury and the way HMRC is interpreting the legislation, including notably the addition of promoters' fees to their claimed 'liability' total sums.

In addition, it is our view, backed up by views expressed now by many people receiving revised HMRC demand letters and their advisers, is that the McCann Review framework for recalculated figures and revised settlement terms, is far too complex and convoluted as well as not sufficiently taking into account the fact that people affected were victims of mis-selling (something Government Ministers have publicly acknowledged).

We are hearing from those affected that figures being provided by HMRC are opaque, often not properly explained or justified and in many cases, downright wrong. This has been a common thread throughout the Loan Charge Scandal, largely due to the fact that HMRC invented a retrospective law allowing them to issue estimated and often largely speculative demands without needing proper

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evidence (and knowing that many of those affected would no longer have their records, as it would be beyond the normal seven-year retention period). All of this will of course have an impact on the number of people who ultimately agree to 'settle' with HMRC on the new terms.

It is also very notable that despite the clearly stated intent of Treasury Ministers regarding the McCann Review, to "bring matters to a close for those affected", already HMRC is qualifying the likelihood of this. In the letter sent to you and the Committee from Mr Marks on 28th July, he states:

> "The amount ultimately collected will depend on how taxpayers engage with the settlement scheme, including whether they settle under the discounted terms or resolve their case through our formal compliance route. "

What this means is that already HMRC (and presumably therefore the Treasury) is realising that the new 'settlement opportunity' resulting from the McCann Review may well not succeed in resolving many cases. This therefore will have a direct - and significant - impact on both the costs to HMRC and also the potential return. All of this makes the lack of robust cost estimates and revenue projections even more concerning.

It is also our belief that Mr McCann is now aware that many thousands of Loan Charge cases are highly likely to remain unresolved yet is not willing to say so publicly and has taken a decision not to comment any further on the issue, now his review is concluded.

We approached Mr McCann about this in our recent letter dated 29th September, however he declined to respond to this. We therefore think this might be something you would wish to ask him, as part of an evidence session (or ideally a full select committee inquiry) into the ongoing Loan Charge Scandal.

The need for full ongoing costings of the Loan Charge Scandal

As we believe is clear from this and our previous letter, HMRC/the Treasury must at last provide the FULL costs of dealing with the Loan Charge Scandal, which is very largely a fiasco and policy failure of its own making.

This must include:

- All caseworker and other staff costs (including how many staff are deployed).
- The costs of enforcement, including the cost of court action and debt recovery.
- The costs of dealing with tribunals, court cases and legal challenges.
- The costs of concluding all the cases directly subject to the Loan Charge.
- The costs of concluding all the outstanding cases of pre-December 2010 'DR' cases.
- The costs of concluding all post 2019 'DR' cases.
- Treasury and HMRC officials time and associated resource in dealing with the issue, internally and externally.

In addition, we believe HMRC should say:

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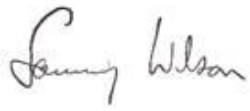
- How many bankruptcies HMRC estimates will happen and the cost to the state/taxpayer of bankruptcies arising from HMRC action.
- The cost to the taxpayer in lost tax revenues as a result of those unable to work due to the impact of HMRC's action. This includes the many documented cases of mental and physical illness exacerbated by the situation.

We hope that the Committee will hold the Treasury and HMRC to account over this and seek this information, which should already be in the public domain, to justify the ongoing largely similar approach to the issue and the outstanding cases. We also do remain of the hope that the Public Accounts Committee will consider a full inquiry into the Loan Charge Scandal.

Yours sincerely,



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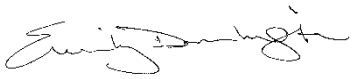

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