

In Confidence
Jon Thompson
Permanent Secretary
HM Revenue and Customs
100 Parliament Street
London
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12th December 2018

RE: Information on the complaints we handled about HM Revenue and Customs in 2017-18

Dear Mr Thompson

I am writing to provide you with information about the complaints we handled about HM Revenue and Customs (HMRC) and its agencies in 2017-18.

This year, instead of publishing an annual report with a detailed breakdown of the complaints handled about government department and agencies, we have decided to write to the Permanent Secretaries of the four departments that account for the majority of our investigations.

The numbers of complaints we handled

Together with the Department for Work and Pensions, the Ministry of Justice and the Home Office, HMRC and its agencies continue to make up around three quarters (74%) of the investigations we complete. On its own, HMRC made up around 13% (53) of the total 403 complaints we investigated about government departments and agencies. The number of investigations reduced significantly, however, from 94 in 2016-17. As in previous years, the majority of complaints we handled were about HMRC itself and the Adjudicator's Office.

Over the last year we have been making important changes to our service. We have recruited a significant number of new caseworkers and made changes to our casework allocation process by assigning each case to a single caseworker. This helps to reduce hand-offs and improve timeliness. We have also placed a greater emphasis on giving complainants a decision as quickly as possible and resolving more cases informally without the need for a full investigation. This means we have concluded fewer investigations.

Issues and themes from our casework

When we conduct an investigation we record data about the specific issues we are considering in the complaint. This means we are able to provide detail about both the overall decisions we have made about a particular organisation and the types of issue we most commonly see occurring.

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Overpayments (for example, working tax credit), decisions, and communication were the key issues that people raised in their complaints about HMRC. However, we partly upheld just two complaints against HMRC in 2017-18, which related to a single complaint against HMRC and the Adjudicator's Office. We did not fully uphold any complaints.

Of the remaining 51 investigations we concluded, we did not uphold 45 complaints. For the remainder we were able to resolve the complaint without having to formally complete the investigation, or we ended the investigation for other reasons - for example, because the complainant withdrew the complaint. This means that in the vast majority of cases we find there is no case to answer or that HMRC and/or the Independent Adjudicator handled the complaint well and put things right for the complainant.

I have included as an annex the case we partly held for your information. While we only see a small proportion of the overall complaints dealt with by the department, our figures suggest that HMRC is leading the way in good complaint handling.

I was also pleased to invite your Director General for Customer Services, Angela MacDonald, to speak at our 2018 Open Meeting. Angela made clear her strong commitment to improving frontline complaint handling at the event and I welcome the work she is doing to drive this through her role as the new Government complaints champion.

Annexes

I have attached a full statistical breakdown of the complaints we handled about HMRC and its agencies in 2017/18. A table containing the complaints we handled about all government departments and agencies in this period is also available on our website and in line with our commitment to transparency a copy of this letter will also be placed online on 17 December.

I hope that you find this information useful. I would be happy to discuss further anything raised in this note if you found would find this helpful. We have sent a copy of this letter to the Chairs of the Treasury Committee and Public Administration and Constitutional Affairs Committee to help inform Parliament's scrutiny work.

Yours sincerely



Amanda Campbell
Chief Executive Officer
Parliamentary and Health Service Ombudsman

Annex A: Statistics about HMRC and its agencies in 2017-18¹

Organisation	Enquiries received	Complaints assessed	Complaints resolved through intervention	Complaints accepted in principle for investigation ²	Investigations upheld	Investigations partly upheld	Investigations not upheld	Investigations resolved without a finding	Investigations discontinued	Uphold rate
2017-18										
HM Revenue & Customs	633	145	1	19	0	2	45	2	4	4%
Child Benefit Office	6	1	0	0	0	0	0	0	0	n/a
HM Revenue & Customs	592	138	1	10	0	1	23	1	2	4%
The Adjudicator's Office	7	1	0	9	0	1	20	1	2	4%
Valuation Office Agency	28	5	0	0	0	0	2	0	0	0%

¹ Please note that in some instances due to different methods of calculation and grouping of data for this year's figures, some of the figures for 2016-17 were re-calculated for comparison and may differ to those use in our 2016-17 report.

² Our casework management system records the date on which we have proposed to investigate a case, rather than when we confirm an investigation. In some cases, following comments from the parties, we may decide not to investigate. The number of complaints we accept for investigation in a financial year differs from the number of investigations that we complete in that same year. This is because our statistics only provide a snapshot of our casework flow at a given time. For example, we may have accepted a complaint for investigation in 2017-18 but may not complete it until the following year, 2018-19. Similarly, we may have completed an investigation in 2017-18 which we originally accepted for investigation in the previous year 2016-17.

Annex B: Case summary

Headline

Individual suffers distress following HMRC's wrongful examination of his declared income and Tax Credit, and delays during Adjudicator's Office investigation

Background

Mr T complained to us about how the Tax Credit Office (TCO) of HM Revenue and Customs handled his tax affairs and subsequent complaint. He also complained to us about the overall handling of his case and complaint by the Adjudicator's Office (AO). Mr T told us that his long-standing depression and his general mental health deteriorated through the process, putting an immense strain on his relationship.

Mr T and his partner Mrs L made a claim for, and were awarded, tax credits in 2003. In 2012, HMRC wrote to Mr T and Mrs L to request evidence as they were examining their 2011/2012 tax awards. This was part of a pilot to challenge any income declared by tax credit claimants, if it appeared they had deliberately deprived their income by more than 20%, for example through private scheme payments or charitable contributions.

Under the pilot, HMRC found that Mr T and Mrs L deprived their income for tax credit purposes by increasing their pension scheme payments. HMRC amended Mr T's and Mrs L's household income, and asked Mr T to pay over £8,000 back in tax credit as a result. Mr T appealed but HMRC delayed registering his appeal.

HMRC completed a review of the pilot and decided it would not be widely introduced. Mr T's appeal was therefore subsequently upheld.

Mr T complained to HMRC and the AO in 2014. The AO substantially upheld Mr T's complaint, and in total recommended HMRC pay £2,550 to remedy the worry and distress he suffered, personal expenses and poor complaint handling.

What we found

We investigated Mr T's complaint taking into consideration the previous investigation reports completed by HMRC and the AO. We found HMRC handled Mr T's appeal poorly and should have registered it sooner than it did. The pilot was poorly scoped and HMRC should not have carried out an enquiry or examination into Mr T's declared income and tax credits.

We also found that the AO should have concluded its investigation earlier than it did, as there was no process to chase records while the case awaited allocation. This caused delay and Mr T was not kept updated.

We partly upheld the complaint. HMRC actions caused Mr T anxiety and distress, exacerbated his mental health issues, and caused problems in Mr T and Mrs L's relationship. However, we were not persuaded that all the injustices Mr T claimed were a direct result of HMRC's or the AO's failings.

We recommended that HMRC apologise to Mr T and develop an action plan to ensure it learns lessons from the breakdown in communication. We asked HMRC to show us how they will address any further issues or complaints they receive because of the pilot. We also recommended that the AO should apologise for the delay and make a payment of £200 to remedy this. Both HMRC and the AO complied with our recommendations.