



THE
CHARTERED
INSTITUTE OF
TAXATION

LOW INCOMES TAX REFORM GROUP

TREASURY SUB-COMMITTEE: THE ADMINISTRATION OF TAX CREDITS

Further submission by The Low Incomes Tax Reform Group Recording of telephone calls to tax credits helpline

1.1 We would like if we may to add to the written evidence we submitted to you in February 2007. This further evidence concerns the recording of telephone calls to the tax credits helpline, a matter we have been discussing with HMRC since the end of 2006.

1.2 Sometimes, when disputing whether they should have to repay an overpayment that has arisen from official error, claimants rely on the fact that they reported the mistake in question to the tax credits helpline. Alternatively, they will say they reported a change of circumstances, and the overpayment has arisen because HMRC did not act on that information. Occasionally such requests for write-off are rejected on the grounds that no record exists of their call. However, we have found that in a number of cases during 2003 and 2004, recordings were not in fact made when claimants telephoned the helpline but were diverted to a private sector supplier.

1.3 HMRC has always given us to understand that the problem we describe was not significant, but information given in response to a recent Parliamentary question by David Laws MP tells a different story. We have seen the response from Benefits and Credits:

'The private sector advisers dealt mainly with general, non-claimant specific enquiries. They received the same training and support as the HMRC staff to enable them to do this.'

1.4 It seems to us that accurately filtering the generic from the claimant specific enquiries would have been very difficult, so inevitably the private sector people must have dealt with at least some of the latter. In any event, the private sector operators who dealt with claimants ringing to notify a change of circumstances, or to say that they did not understand or that something was wrong, would not have needed to access claimant records. They should have passed on the messages. It is the fact that the claimants called that is critical. We think this is an issue the sub-committee should consider probing.

1.5 We attach further background information which may be helpful.

LITRG
March 2007

Further background information

2.1 We have always understood that all calls to the tax credits helpline are recorded, and the recordings checked if a dispute arises at a later date. Public statements by the Paymaster General seemed to have confirmed this understanding – see her statement of 7th June 2005 (Hansard Column 71WH):

‘I should remind everyone in the House that all conversations with the helpline are recorded, so we can go back and hear what was said and whether the system was notified. We do that on a case-by-case basis in order to give a fair judgment when challenged on overpayment. That is in addition to providing the paper response.’

and in response to a question by Gordon Prentice MP (Hansard written answer 12 October 2006, col 879W):

‘calls to HMRC’s tax credit helpline have been digitally recorded since the Helpline opened in 2002.’

2.2 The importance to claimants of having a robust system of recording calls is demonstrated by the following two passages from COP26 *What happens if we have paid you too much tax credit?*

2.3 In the first passage, claimants are told that if they contact the Tax Credit Office to point out something wrong with their award notice or payments, and are wrongly advised by a helpline adviser or by letter that their award is correct, any resulting overpayment will usually be written off. But:

‘We will usually check that you provided full information about your circumstances and income when you spoke to the Helpline so they could give you the correct advice. So please tell us the date and time you telephoned us when you complete form TC846 to say why you disagree with recovery of the overpayment.’

2.4 The second passage follows a paragraph in which is set out just what the TCO expect claimants to have checked before they will agree to write off an overpayment:

‘If there is a dispute regarding an overpayment, we may check our call records to make sure that you contacted us to let us know of any changes or mistakes.’

2.5 In short, when an overpayment arises through official error, whether the claimant is successful in getting the overpayment written off under COP26 will often turn not only on whether they contacted the TCO to report a change of circumstances, or to correct a mistake in their award, but also on whether the TCO can trace a recording of that call.

2.6 LITRG have recently seen a number of cases where claimants in that position have maintained that they contacted the TCO, but HMRC have found no record of their call and on those grounds have rejected their request for write-off. Sometimes the claimant can prove that they rang the helpline, but sometimes – if for instance, like many people on low incomes, they use a pay-as-you-go mobile phone – they cannot. Where the claimant cannot provide evidence, it is possible to ask the Data Protection Unit of HMRC (DPU) for the recordings which the TCO cannot trace, or some other evidence, such as an entry on the ‘household notes’, that the claimant

called when they say they did. If such recordings exist, the DPU will forward them on CD; but sometimes there are no recordings.

2.7 Around October 2006, we were concerned that correspondence from the DPU was bearing the footnote '***Please note that not all calls to the tax credits helpline are recorded***'. Since this was contrary to what we had always understood to be the case, we queried it with HMRC. Their response was that all calls *to the TC helpline* are recorded, and always have been. In the very early months of tax credits, however, some calls which were handled outside the helpline were not recorded; but all calls should be recorded now. In other words, calls answered by the helpline have always been recorded, but some calls diverted elsewhere may not have been.

2.8 We were unable to get HMRC to quantify for us the number of claimants' calls which have not been recorded. However, David Laws MP has elicited the following information in a written answer (Hansard 20 Feb 2007 col 612W):

- during 2003 and 2004 around 4 million calls were handled by four private sector suppliers engaged to deliver 'generic tax credit services'; and
- of those, some 631,000 calls were not recorded (excluding calls to the freephone response line).

2.9 The problem, therefore, seems to have been more widespread, and of longer duration, than we have been led to believe.

2.10 As HMRC cannot now rely on the absence of a recording as conclusive of the fact that the claimant did not make the call, we have called upon them to give the claimant the benefit of the doubt in any such dispute.