

Benefits Fact Sheet: Problems with tax credits

What are tax credits?

There are two types of tax credit:

- Working Tax Credit is extra money you can get from the Government if you are working and on a low income
- Child Tax Credit is extra money you can get from the Government if you have children. You don't have to be working to get Child Tax Credit.

Whether you can get tax credits and the amount you can get depends on your income and your family circumstances.

Tax credits are paid by HM Revenue and Customs (HMRC).

This fact sheet tells you about some of the problems you might have when you claim tax credits and suggests how you might deal with them.

You disagree with a decision about your claim

You might have claimed tax credits and been told by HMRC that:

- you aren't entitled to any money when you think you should be
- you're entitled to an amount of tax credit you think is less than you should be getting
- you'll be charged a penalty (for example, because they say you failed to give them information they needed to make the decision).

In all these situations, you can contact the HMRC Tax Credit Helpline on **0345 300 3900** and ask for an explanation of the decision you don't agree with. After you've discussed the problem with the Helpline, they may change the decision. If they don't change the decision or you still don't agree with them, you can ask for your case to be looked at again on a more formal basis. If you don't agree with HMRC after this, you can appeal.

Appealing against a decision

You can appeal against most HMRC decisions on tax credits. If you have the right to appeal, HMRC will tell you this.

You must appeal in writing. You can either get a form from the HMRC Tax Credit Helpline or write a letter or email. Your appeal must be signed and must include your name, national insurance number and the date the decision was made. You can find this on top of the decision notice.

Appealing is complicated and it's best to get expert advice first. You must remember to act quickly as, except in very exceptional circumstances, HMRC must get your appeal within thirty days of you receiving the decision about your claim.

Appeals can be decided either with or without a hearing - you have to say which of these you prefer. Again, there is a strict time limit for you to let the appeal service know this. You will be sent a decision notice as soon as possible after the appeal.

You are much more likely to win an appeal if you have a hearing and an expert adviser to represent you.

If you disagree with the appeal tribunal's decision, there is very little you can do. You may be able to appeal to the Social Security Commissioners, but only if you think the tribunal made a mistake in law. If you want to appeal to the Commissioners, you should always get expert advice first.

Overpayments

HMRC might decide that they've paid you too much money and ask you to pay it back. This could be, for example, because you took too long to tell them about a change in your income or personal circumstances.

If you don't agree with the decision to recover the overpayment, ask the Tax Credits Helpline to explain how the overpayment happened. Keep a record of your telephone call, including the date and time of the call. The Helpline should give you an explanation of the overpayment in writing. If you don't agree with the explanation you can ask HMRC to look at their decision again. You can do this in writing or by filling in form TC846 which you can get by calling HMRC on **0345 300 3900**.

HMRC will not collect the overpayment while they consider whether you must pay it back. HMRC should send you their decision, along with the reasons for it, in writing.

If you are still unhappy with the decision, you can only ask them to look at it again if you have new information or if you feel they haven't considered information you've given them previously. Otherwise, you should get advice about what options are open to you. You should do this as soon as possible as there are strict time limits about when you can take further action. In certain circumstances, this might include going to court.

You can ask HMRC for more time to pay back an overpayment. You can call them on 0845 302 1429 and ask either to pay back the money in instalments, or to wait a while before they start to collect the overpayment.

In exceptional circumstances, HMRC can write off all or part of an overpayment if it would cause you or your family hardship to pay it back, for example, if you're unable to pay for essential living expenses.

Fraud

HMRC can decide to charge you with fraud if they think you have deliberately:

- failed to give them information they've asked for
- given them wrong or misleading information about your income or personal circumstances
- failed to report a change of circumstances within three months.

You won't be charged with fraud if you have a reasonable excuse or explanation for doing any of these things.

Tax credit fraud is a criminal offence. You can be made to pay a penalty, face criminal charges and even be sent to prison if you're found guilty.

If you've been accused of tax credit fraud, you should get expert advice.

Complaints about the way HMRC has treated you or dealt with your claim

You may be unhappy about the way HMRC has treated you or dealt with your tax credit claim. This might be because:

- you feel you've been treated less well because of your sex, age, race, sexuality, disability or religious belief/political opinion
- there has been an unreasonable delay in dealing with your claim or enquiry
- you had serious problems getting through on the telephone to discuss your claim
- HMRC staff were rude or unhelpful
- HMRC staff gave you wrong advice or made repeated or serious mistakes (you may be able to get compensation for this).

If you aren't happy with the service you've received from HMRC, you can try and sort the problem out informally first with someone at the office which dealt with your claim. If you're not satisfied with the response, you can complain to the Complaints Manager at the same office. If you're still not satisfied, you can ask for the decision to be looked at again.

If you don't get a satisfactory response to your complaint, you can ask the **Adjudicator** to investigate your complaint. Strict time limits apply. You can contact the Adjudicator at:

The Adjudicator's Office
8th Floor
Euston Tower
286 Euston Road
London
NW1 3US

Tel: 0300 057 1111

Website: www.adjudicatorsoffice.gov.uk

If you are not satisfied with the service that has been provided by HMRC or the way your complaint is being handled, you can ask your MP to refer your case to the **Parliamentary and Health Service Ombudsman** (see below). Strict time limits apply. You must usually have complained to the Adjudicator first, before making a complaint to the Ombudsman.

Further help

Citizens Advice Bureau

Citizens Advice Bureaux give free, confidential, impartial and independent advice to help you solve problems. To find your nearest CAB visit www.citizensadvice.co.uk or look under C in your phone book.

Tax Credits Helpline

Tel: 0845 300 3900

Textphone: 0845 300 3909

Parliamentary and Health Service Ombudsman

Tel: 0845 015 4033

Website: www.ombudsman.org.uk

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