

Ipsos MORI
Social Research Institute

15/02/16

Qualitative research on tax credits customers' notification of changes to partner status

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HM Revenue & Customs Research Report 409

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Published by HM Revenue and Customs, August 2019

www.hmrc.gov.uk

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1 Key Findings

This research was conducted by Ipsos MORI on behalf of HM Revenue & Customs (HMRC) to understand the barriers and drivers for reporting a partner in the tax credits system. In-depth interviews were conducted with customers who had reported a change in partner status, customers who had reported late and customers who were found in a compliance check to have an 'undeclared partner'. The key findings for the research were:

- **Participants were unaware of the HMRC definition:** participants held their own, often simplified view of the difference between single and joint claims, and were often unaware of HMRC's definition. When presented with it, participants reported a lack of understanding of how to apply the definition and that it was open to interpretation.
- **Those with less complex living arrangements tended to find it easier to see that they needed to report:** They had more stable situations, (i.e. married or moving in with a partner) and found it easier to see that their relationship fit that of a joint claim.
- **Previous experience of reporting changes and risk averse attitudes drove on time reporting:** Those who reported a partner on time tended to be more concerned with receiving a penalty or overpayment and so were more mindful of managing their claim. Previous experience of reporting meant they understood which changes needed to be reported promptly.
- **Late reporters either did not think their circumstances fit that of a joint claim, or had waited until they were sure the change was permanent:** Those who did not initially think that their circumstances fit a joint partner claim said they were prompted to reconsider this on receiving their renewal form. This sometimes interacted with delays in reporting the changes because of a lack of certainty in the relationship.
- **Those who did not report, and were deemed non-compliant during a check by HMRC, had diverse reasons for this.** The main stated barriers to reporting were: not seeing that person as a partner, not being in a relationship with that person, and not realising that they needed to let HMRC know about the change in partner status if they had updated another claim (e.g. housing benefit) to joint.
- **The research highlighted that the reasons for error are complex, and there is not a simple solution to the problem, but three key areas could help encourage reporting:**

- 1. Clarifying the definition:** such as clarifying particular aspects about joint financial arrangements and joint living arrangements.
- 2. Prompting customers to check their claim and engage with the definition of joint and single claims.** This prompting would need to inform customers that the definition is more complex than they might think that it is, and advise them of the range of circumstances that might apply to joint claims. Customers could be prompted through a range of channels including post, helpline advisers, SMS or email, and other benefit departments such as DWP.
- 3. Minimising barriers to reporting may encourage on-time reporting.** Whilst not mentioned as a reason for not reporting, reporters and late reporters mentioned practical difficulties of reporting a change. For example, time and costs of phoning the helpline and concerns over the gap in payments between ending a single claim and a joint claim being processed.

2 Introduction and Background

2.1 Introduction

Tax credits are a flexible and responsive system of financial support for families. Tax credits awards are provisional and need to be finalised and renewed at the beginning of each financial year. The accuracy of these awards relies on the customer reporting any relevant changes of circumstances during the award period so that the claim can be adjusted, or, in the case of significant changes such as partner status, so that a new claim can be made.

If these changes are not reported immediately, then the customer may receive an under, or more commonly, an overpayment which then becomes a debt which needs to be recovered by HMRC. The most costly reason for error and fraud favouring the claimant (where a customer is paid more than they are entitled to) is a result of undeclared partners - estimated at £430 million.¹

A joint tax credits claim (claiming with a partner) would usually need to be made if a customer is married or in a civil partnership (and not permanently or legally separated), or they live with their partner as though they are married or in a civil partnership, or they are temporarily living away from one another.²

This study intended to build on previous research³ by further developing an understanding of the barriers and triggers to declaring a partner and it also explored ways in which customers could be encouraged to report, or to do so earlier.

2.2 Aims and objectives

This research aimed to provide HMRC with insights into the triggers behind tax credit customers' decision to report a joint partner status, and the barriers which prevent or slow down the reporting process. The study also explored what possible interventions or support HMRC could employ to improve the accuracy and timeliness of reporting and compliance.

The key research questions HMRC were interested in were:

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/431958/Child_and_Working_Tax_Credits_-_Error_and_Fraud_Statistics_2013_to_2014.pdf

² Joint claims may also need to be made if a customer and their partner are not married or in a civil partnership, but: sometimes live in the same house, have a joint financial agreement or have dependent children.

³ HMRC Research Report 53 'Exploring claimants' understanding of the tax credit system and the process of reporting changes of circumstance'

<http://webarchive.nationalarchives.gov.uk/20090211201818/http://www.hmrc.gov.uk/research/report-53-final.pdf>;

HMRC Research Report 103: Tax Credits and Reporting Changes in Household Composition

<https://www.gov.uk/government/publications/tax-credits-reporting-changes-in-household-relationships>

- Are customers aware of the rules around relationship status, how to apply them and consequences of non-compliance?
- What factors act as triggers or barriers to reporting the correct relationship status?
- What experiences do customers have of reporting or non-reporting partners and what was the outcome? What might encourage correct reporting?
- What tools or support could HMRC provide to make it easier for customers to meet their responsibilities?

2.3 Sampling and Methodology

In order to answer these research questions, a qualitative approach was deemed most appropriate. Ipsos MORI conducted two strands of fieldwork: the first strand consisted of 35 face-to-face interviews with tax credits customers alongside a second strand of eight interviews with organisations which offer information, advice and support to tax credits customers.

The 35 customer interviews were conducted with three different types of tax credit customer, this included:

- **8 interviews with 'reporters'** – those who had formed a new relationship and reported this change in household composition to HMRC within four weeks.
- **8 interviews with 'late reporters'** – those who had formed a new relationship and reported it to HMRC, but did so after more than four weeks.
- **19 interviews with 'non reporters'** – those who had formed a new relationship and had not reported this to HMRC before they were subject to a compliance check

Interviews with tax credits customers took place in September and October 2015. All customer interviews took place face-to-face in participants' homes. Interviews took between 45 minutes and one hour. Interviews and analysis were designed around the Theoretical Domains Framework (TDF)⁴, which is derived from the COM-B behaviour change model. TDF is an analytical approach which helps to explore the triggers and barriers underpinning current behaviour, and the possible impact of interventions aimed at changing that behaviour.

The second strand of the research involved eight telephone interviews with frontline and strategic level staff at organisations which provide information and advice to tax credits customers. The interviews were conducted across four organisations;

⁴ <http://www.implementationscience.com/content/pdf/1748-5908-7-37.pdf>

Citizen's Advice Bureau, Child Poverty Action Group, Low Income Tax Reform Group and Working Families.

Please see Appendices A and B for further details regarding the methodology, and sampling and recruitment strategies used in this project, respectively.

2.4 Interpreting qualitative data

Qualitative research is illustrative, detailed and exploratory. It offers insights into the perceptions, feelings and behaviours of people rather than quantifiable conclusions from a statistically representative sample. Owing to the small sample size and the purposive nature with which it was drawn, findings cannot be considered to be representative of the views of tax credits customers or specific types of customers, but instead the research has been designed to explore the breadth of views and experiences. As such, the word 'participant' has been used throughout the report in reference to an individual who took part in the research.

3 Awareness and Understanding

This section explores tax credits customers' awareness of the rules associated with reporting a joint partner status, how they found their information and how they felt that this applied to their situation. It also considers awareness of the rules for reporting including the time permitted to notify HMRC of a joint partner status, and the perceived consequences of not reporting joint partner status.

3.1 Awareness of the rules

Participants understood that there was a difference between claiming as a single person and claiming jointly as a couple. However their awareness of HMRC's specific guidelines on what constitutes a joint claim and what constitutes a single claim was low, especially when it came to more complex circumstances. There was also a lack of awareness of the length of time they had to report a new partner and of the consequences of not reporting the change on time and instead, participants tended to be guided by their assumptions.

Participants' understanding of the rules had been gathered from a range of sources. This included relying on their previous experience of making updates to their tax credits claim and from discussion with friends and family, who may have claimed tax credits themselves. As a result of this, participants sometimes made mistakes with their claims, for example, how and when they were meant to report a change in their partner status.

"I didn't know how the system or how it works, my friends, they explained to me what I can apply for... before my family came I didn't know how to report it or where to report it to"

Male, 26-35, Late reporter

Participants did not usually consult HMRC's definition before making a decision on whether to make a joint or single claim. Instead, they tended to rely on a 'common sense' understanding of a couple and as such did not always seek further clarification on this, focusing on whether they were living with someone they were in a relationship with.

3.2 Understanding of the rules

Participants' understanding of the difference between single and joint claims, whilst not always directly informed by HMRC's guidance, nevertheless displayed some overlap. In the main, this centred on the notion of the customer living together with someone they were in a relationship with. Participants understood that they could be considered in a relationship with someone, and not be living together but the change from being in a relationship to having a partner was difficult to mark in these cases. Participants were more likely to think of themselves as having a partner

if they were living together with the person and this change often prompted participants to report a change to HMRC.

“The way I see it, I went to report it [partner status] to HMRC when my partner moved in. It was because we were living together.”

Male, 36-49, Non reporter

As a result when more complex situations arose, for example living with someone that they were no longer in a relationship with, customers were unaware that this may still be seen as a partner.

Issues with understanding some of the differences between single and joint claims were not made entirely clear by referring to the definition. When participants were presented with the definition of a joint claim available on HMRC's website (see annex) they found the language used was too vague and struggled with some of the concepts such as “sometimes living together” and “joint financial agreement”.

“They've got here ‘sometimes live in the same house’. I'm not really sure what they mean by that, what does ‘sometimes’ mean; how can you ‘sometimes’ live with someone?”

Female, 26-35, Non reporter

Participants understood that the definition was trying to cover a broad range of situations and circumstances but also felt that as a result it left a certain amount of room for interpretation. Participants felt that the concepts such as ‘sometimes living together’ and ‘joint financial agreement’ needed to be more precise to aid understanding of the rules. Suggestions to clarify the definition are covered in Changing Behaviour 5.1.

3.3 Awareness of when to report a joint partner status

As with awareness of the definition, participants were unsure of the exact length of time they had to report a joint partner status, but reporters guessed that it was in line with their understanding of what the timelines were for reporting other changes. Reporters assumed the timelines to report changes were either immediately or within a month. Participants, with prior knowledge or experience of reporting a change of circumstance to HMRC tended to use this as a gauge of the length of time they had to report a joint partner status. As a result, these participants thought they had ‘around a month’ to contact HMRC

“I think you have four weeks to report the change of circumstances. I think it's the same for all the changes of circumstance.”

Female, 26-35, Late reporter

Those without this experience were unsure how long they had, but tended to think that they had a number of weeks to report the change. There were those who

greatly underestimated the time allowed, as well as others who overestimated the length of time permitted to report the change. Reporters were most likely to underestimate the time allowed, this group tended to think that they only had a few days to report after the change. Conversely, late reporters were more likely to overestimate with some thinking they could take up to three months to contact HMRC. Within the non-reporter group there was mention of being allowed to wait until the annual renewal to report the change of partner status, although this was not a commonly shared view.

Amongst those who under or overestimated the reporting time, the length of time they thought they were allowed was linked to their level of risk aversion and concern with receiving an overpayment. Those who underestimated the permitted time tended to be more risk averse; whereas, those who overestimated were less worried. Additionally, some late reporters believed they did not need to report a new partner immediately as the impact on their award would be small. They were unaware of the seriousness of having an incorrect type of claim and the possible consequences of it.

“I knew we had to report, yeah, absolutely, but I didn't know it was only up to one month to report; they said that over the phone. I thought it would be a few months... I didn't think it would make a big difference.”

Female, 26-35, Non reporter

3.4 Awareness and understanding of the consequences of not reporting

Participants tended to know that they would receive an overpayment if they did not declare a partner, however, as with the lack of awareness over the reporting time, this varied by reporter group. Across all groups, participants stressed the fact that they tried to avoid overpayments as best possible, as having to repay them was a concern for all.

“I didn't want to get any overpayments, I didn't want to get any debts”

Female, 26-35, Reporter

Reporters were more likely to hold the view that the penalties and overpayments associated with not reporting would be substantial. Within this group, some made reasonable estimates of the consequences of not reporting. However, there was also considerable overestimation of the repercussions of not reporting the change. Estimates ranged from thinking a customer would have to repay the entire award amount as well as a large fine, up to those who believed that not reporting the change could ultimately lead to a criminal conviction.

“I said we need to tell them straight away because...you just don't know...you just see it on the telly, it's not worth it”

Female, 26-35, Reporter

Conversely, non-reporters and late reporters (before they had been through a compliance check) believed that the sanction associated with not declaring a partner would be much less severe, and often underestimated what the repercussions of not reporting the change would be. A shared sentiment amongst these groups was that tax credit customers would only have to pay back the difference in award amount between the single and joint claim, in something akin to notional entitlement⁵.

“I thought that they were going to charge me the difference [between the award amount of a single and joint claim]. But they wanted me to pay every single penny back, which I thought was unfair... surely it was only a pound a week extra... I think that's wrong.”

Female, 26- 35, Reporter

Those who had previous experience of joint claims had often received similar amounts when they had made joint and single claims and were unaware of the seriousness of making an incorrect type of claim. This meant that they were less aware of the severity of penalties and overpayments that could apply.

⁵ The notional entitlement is the amount customers would have been entitled to claim, had they claimed correctly. If it is applied customers are only asked to repay what they owe minus the notional entitlement. Further details can be found here: <http://www.hmrc.gov.uk/manuals/tcmanual/tcm0228220.htm>

4 Reporting and non-reporting behaviours and experiences

This chapter explores each reporting group in turn; reporters, late reporters and non-reporters. For each group, it explores the triggers for behaviour and their experiences.

Overall customers knew to report a joint status to HMRC if they had previous experience of doing this, or if their situation matched their own understanding of a joint claim, for example of a partner who they are sharing the bills with moves in to their home.

Non-reporting occurred when customers' circumstances did not fit with their assumption of what a joint claim consisted of. For example if they did not see the person as a partner or they were not in a relationship with that person (but still had some connection them).

Late reporting occurred when participants who did not see themselves as having a partner were prompted to reconsider HMRC's definition. It also occurred when participants wanted to wait until they knew the change was a permanent one or if they thought they had updated HMRC but had possibly forgotten to do so.

4.1 Reporter behaviours

Understanding of what a joint claim was versus a single claim did not differ greatly between those who reported a joint claim and those who did not. Similar to other groups, reporters' general understanding of a partner was someone that they were in a relationship with and that they lived with. However there were certain behaviours that drove reporters to update HMRC, including previous experience of overpayments and a strong desire to seek advice to ensure their claim was correct.

The primary trigger for reporting a joint partner status was when a person that a participant was in a relationship with moved in with them. This was the case in both new relationships and in reconciliations of relationships where participants had previously lived with that individual before.

As could be expected, couples would start or reconcile relationships with previous partners before they moved in together. However they did not think that it needed to be declared until that person moved in with them. For example participants who had been in a relationship with someone and had been sharing some responsibility financially (for example for their children) prior to moving in together did not claim jointly until the person moved in. It is possible that they were therefore non-

compliant when they were in a relationship but not living together, and making a single claim.

Previous experience of making changes to their tax credits claim also drove reporting behaviour. Participants who were experienced in claiming tax credits and had been claiming for several years understood that when anything changed they needed to report it to HMRC. For example they knew if they had a baby, someone moved in or out, or their child left home; they would need to report this. This group had experience of overpayments in the past for not reporting changes on time which meant they were eager to ensure that their claim was correct. This group also said that they would report any changes as soon as possible (often on the day that they occurred) to avoid any overpayments.

"I didn't want to get any overpayments, I didn't want to get any debts...I didn't want to waste time"

Female, 26-35, Reporter

There were also participants who reported their joint partner status because they had been advised to do this. These participants were also concerned with ensuring that their claim was correct, however they did not always know exactly what they needed to do. They tended to be customers who were highly reliant on the income and as such took great care to ensure that their claim was correct. Participants tended to either have phoned the HMRC helpline for advice, or have sought advice from organisations like the Citizens Advice Bureau.

Overall reporters' did not tend to clearly understand the distinction between joint and single claims. However they took steps that they thought would ensure it was correct including contacting HMRC or seeking advice elsewhere. They understood that if anything changed they needed to report it, rather than specifically understanding that their partner status had changed and needed reporting. Additionally, the circumstances they were in when they reported the change in partner status tended to be much simpler than those experienced by those who reported late or not at all. Although they did not have a full understanding of the definition, the situation they were in fit clearly into their own definition of having a partner, prompting them to see this as a change which HMRC would need to be aware of.

4.2 Reporter experiences

Expectations of what would happen to their claim when reporting a joint status were mixed. Reporters tended to have little awareness of the financial impact of moving to a joint claim. Their main aim was to avoid overpayments and as such the change in income was not a driving factor. There were some participants who had calculated what they would receive when moving to a joint claim, and on the whole had worked out that they were likely to receive a similar amount or slightly

less. Again, this did not seem to drive behaviour as reporters still wanted to update HMRC with the change as soon as possible.

Due to their past experience of reporting changes, reporters understood that reporting a joint status would mean the closing of their single claim and reopening of a new joint claim. A key concern for reporters was how they would manage financially in the period between claims before their new claim was processed. This gap tended to last between two and six weeks and participants found it very difficult to manage financially during this period. However, as with the impact on their award income, reporters said that their concerns about this anticipated gap in payments did not influence their decision to report a change, or when to report. A higher priority for these participants was to avoid large overpayments rather than the financial impact of the change in award type and the gap in payments.

The experience of reporting a partner was more difficult than participants expected it to be. Several issues such as not knowing what information they would need to hand or not being able to report a partner moving in or out until the change had occurred sometimes made it more difficult for reporters. For example some participants had called HMRC before the change had occurred to let them know the date they planned for their partner to move in. However they were told to ring back the day that it actually occurred. This meant that they had to make another phone call at a later date making the process more difficult for them.

“When my partner left we agreed he was leaving...but you have to wait ‘til the actual event happens...and we agreed a date he was gonna move back in and that was the day we were gonna be on a joint claim again.”

Female, 16-25, Reporter

Whilst these participants did still call back to let HMRC know about the change, it is possible that these difficulties could lead to some customers forgetting to call back and becoming non-reporters or late reporters.

Reporters did not always clearly understand the definition of a joint claim and felt that living together with someone that they were in a relationship with defined a joint claim. As they had not received overpayments they felt that their interpretation of the rules must have been correct. As such the process of complying did not necessarily result in a more developed understanding of a joint partner status. Reporters' experience of going through the process re-affirmed their belief that they had made the correct decision. One possible implication of this is that these reporters might make mistakes in future claims.

4.3 Late reporter behaviours

Late reporters (customers who did not report their partner status within one month of the change occurring) said they tended to initially think that their change did not

need to be reported. They understood that there was a distinction between single and joint claims but they did not think that their circumstances fit with the joint definition. For example they did not live with the person they were in a relationship with or did not share financial responsibilities with them. This assessment about whether they needed to report tended to be based on their understanding of the definition of a partner, rather than based on direct reference to the definition. On the whole participants had not reviewed the definition before making their decision.

One way in which late reporters who had not understood that they might have a partner were prompted to reconsider this, was by reading the information on their renewal form.

“There was a letter in summer and it said ‘Have you changed your circumstances?’, and at that point I thought ‘Well actually, yes’ ”

Female, 50+, Late reporter

Initially they had not thought that the person that moved in with them was a partner, for example if the person was not someone who they were sharing bills and childcare responsibilities with, (see case study A below). On reading the information on the form which mentioned changes of circumstances participants re-considered whether they needed to update HMRC and whether the person would be considered a partner.

Case Study A: Late Reporter – Prompted by renewal form

Situation: Jane is a single parent of three, and at end of last year her friend moved in. She did not see him as a partner as they were in separate bedrooms, they were not splitting bills and the children are her responsibility. On looking at the renewal form thought that she might need to let HMRC know that circumstances have changed so called them.

Outcome: She has been asked to repay £4000 overpayment. She does not agree with HMRC's assessment of their circumstances as she does not think that they “live together as husband and wife” as he is married to someone else. She thinks the definition should be clearer and not mention ‘live together as though you're married’ if it does not mean this.

In other cases, the distinction between joint and single claims was more fully understood. However participants had delayed making a joint claim due to the fact that their relationship had only recently begun or they felt it was in some way unstable. Whilst someone who they were in a relationship with moved in, they still did not see them as their ‘partner’. These participants were unsure if the relationship was going to work out and as such held back on updating HMRC of the change.

“When he was away it was a bit of an unknown...when he came back that's when we came to an agreement”

Female, 36-49, Late reporter

A second group of late reporters also understood the definition and knew that they needed to report. This group said that they had reported a joint partner status on time (within a month). HMRC's records show otherwise so it is unclear whether these participants had reported on time. In some cases this group were dealing with difficult situations and as such this may have prevented them from reporting a joint partner status promptly. For example some participants were dealing with issues such as domestic violence and this situation may have meant that they reported outside of the one month time limit.

Case Study B: Late Reporter – Difficult lives

Situation: Grace's partner had gone to prison for domestic violence. He was released and later they moved back in together. She believes that she informed HMRC when he moved back in. She said it was reported immediately, but HMRC records suggest that there was a 6 month delay.

Outcome: It's unclear whether she did report on time but for customers like this reporting a change may not always be the first thing they think of doing. She does not believe she received any overpayments/ penalties.

4.4 Late reporter experiences

Late reporters said they did not fully know what the financial implications would be of moving to a joint claim. If their partner was not in work they thought that their award amount was unlikely to change very much. They thought that they should still be eligible for a similar amount if they were still the sole earner. This expectation may also have affected the importance that they gave reporting a change.

There was great variation in the amount participants were asked to repay as a result of reporting a joint status after 30 days. At one side of the scale participants had been informed that they had not received any extra whilst incorrectly claiming and as such were not required to make any repayments. At the other end participants had been asked to repay the total award amount paid during the period that they incorrectly claimed and as such were repaying overpayments of up to £4000.

As a result of receiving an overpayment or penalty, late reporters who had initially delayed informing HMRC could understand that they should have reported their partner. They had not initially thought that the rules applied to them but did now see why they would need to report a partner to HMRC. However customers who did not see the person they were living with as a partner still did not feel that the

correct decision had been made. They perceived it as a change in circumstances but still did not understand why the person should be considered their partner as they did not feel that described their relationship.

4.5 Non-reporter behaviours

Non-reporters were customers who had not made a joint claim and were investigated and found to have a partner as part of a compliance check by HMRC. Non-reporters were the least clear on what defined a couple in HMRC's eyes, and had more complex relationships which they did not think matched up to that of a joint status. There were three key reasons stated by participants for not reporting a joint status;

- not seeing that person as a partner;
- not being in a relationship with that person; and,
- not realising that they needed to let HMRC know about the change in their partner status.

The first reason for not reporting a partner was when participants had a relationship with someone but did not see this person as their partner, for example if they did not live together, or did not share any financial responsibilities with them, see case study C below.

Case Study C: Non reporter – In a relationship, but don't have a 'partner'

Situation: Rachael was in a long distance relationship for a number of years. Last year her partner moved in with her and her children. Rachael did not report the change because she didn't consider him her partner; they were not married and she was unsure if the relationship would work. They did not have a financial agreement between them and he was not aware she claimed tax credits.

Outcome: Rachael received a letter saying her claim was being investigated. She made a joint claim, and now receives less money from HMRC. She is frustrated because she doesn't receive enough from her partner to cover the difference but accepts that they should make a joint claim.

A second reason for not reporting was where customers were no longer in a relationship, but had been flagged by HMRC as having a partner. This occurred when they had been in a relationship and lived with that person in the past but they were currently separated. In these cases the ex-partner had moved out, but was still linked to the previous address, for example they still received their mail to that address or were still on the electoral register or tenancy agreement for that address.

“My ex, he uses this address for things, he has things sent here, and they [HMRC] made the assumption that he was living with me.”

Female, 36-49, Non reporter

In these cases the non-reporters were no longer in a relationship nor living with anyone so felt that HMRC was in the wrong and tended to appeal the judgement. HMRC asked the customers to provide evidence but this was not always deemed sufficient, as for example some customers had not updated their tenancy agreements to remove an ex-partner. When this was not deemed sufficient customers then appealed it at a tribunal stage.

However, within this there were some non-reporters who were no longer in a relationship with someone but had a more nuanced relationship with that ex-partner. In cases where the ex-partner was the parent of the children in the family, whilst they may no longer be someone's partner they may still have been involved with the family in some way. For example previous partners might stay occasionally or provide some financial help towards the children. These participants did not see themselves as being in a relationship, despite still having ties to that person, and so did not think that they needed to report a partner.

“Physically he's not here, his name is still on the mortgage so it looks like he's living with us, but I'm living as a lodger, I signed a document for him (to say that I have no claim over the house) and he can tell us to move out at any time”

Female, 36- 49, Non reporter

This suggests that the triggers for reporting a partner are both that the person lives with the customer and that the customer is in a relationship with them.

Finally a third key reason for not reporting was when participants did believe that they had a partner but did not realise that they needed to report it to HMRC. They understood that they would be classified as a joint claim but they assumed that this information would be passed to HMRC by other departments. This was because they had reported their change in circumstances to government departments for other benefits (for example they had updated their Job Seekers Allowance claim or their Housing Benefit claim to a joint claim), and as such had presumed that their claim for tax credits would also be updated.

“Back then everything was connected, when I made a claim for CTC, they notified DWP and adjusted my Income Support... With my partner moving in, we changed the ESA claim to joint... I was under the understanding that it was the same sort of scenario; that they would notify each other and it would all change.”

Female, 26-35, Non reporter

These participants also felt that it was less vital to report their change if they thought that changing from a single to a joint claim was unlikely to financially impact their

claim. Participants, particularly, who had a partner who was not in work, thought that their award amount was unlikely to change much. This was especially the case for those who had previously been on a joint WTC claim; if someone who was unemployed was moving in they knew that they would not be eligible for WTC and did not realise that an extra person would affect their CTC award. These participants saw their CTC as income for their children, and did not see that it would be linked to how many adults were living in the household.

4.6 Non reporter experiences

Non-reporters, like reporters, were unclear on the likely impact that the change would have on their tax credits income. They had not considered the likely impact at length beforehand as they did not think that they would need to make a joint claim. On the whole it was assumed that the financial change in award income was likely to be small. Those who had previously been in joint claims with someone who was not in work knew that they would be likely to receive a similar amount on a joint claim. As such it does not appear that fears of receiving a reduced income influenced their behaviour.

Non-reporters had all experienced a compliance check. There were three main outcomes on perspectives that were produced as a result of a compliance check;

- agreeing that they should have made a joint claim but did not know that they needed to make one before;
- not agreeing that they should have made a joint claim but accepting HMRC's decision; and,
- not agreeing that they should be in a joint claim and appealing this decision.

The first outcome was that through virtue of going through the process customers learnt the reasons why they were considered to be a non-reporter. Initially they had not understood that they would be required to make a joint claim, as they did not think that they had a partner. For example participants who were not living with someone that they were in a relationship with. They felt that they did not have the information to make this decision initially.

Participants did not think that there was sufficient clarity on complex situations such as when someone moves in neither as a lodger, nor as a partner. The implication of this is that this group need more guidance for dealing with complex cases that do not seem to fit the definition. A specialist adviser helpline may be necessary to help with these cases. Further information on the definition could also be sent to customers so that they can see what constitutes a single or joint claim.

A second response was for participants to still feel that HMRC's decision that they had a partner was incorrect but they accepted the decision and made a joint claim. This occurred in situations where participants lived alone and were claiming as a single claim, but their previous partner still provided some financial help. Participants felt that this was not a partner but, when HMRC said that they should claim jointly or their award would stop, they did not want their award to stop and as such made a joint claim. These customers experienced large overpayments and in some case penalties had also been applied.

"I thought I was doing the right thing by claiming as a single person, but my tax credits were stopped so I phoned them up and they said I have to make a new claim as a joint claim because his name is still on the mortgage...then I received a letter saying I had lied to them so have to pay a penalty of £3000"

Female, 36- 49, Non reporter

The implication for this group is that clarity on aspects of the definition such as 'joint financial arrangement' would mean that customers knew if they were sharing any finances with a previous partner they would still need to claim jointly. These customers may also need to be regularly reminded to check the definition and that their claim was still correct.

Finally there were a third group who went through the process and felt that HMRC was still wrong in their assessment of them having a partner for example in situations where a customer still received mail for their ex-partner. However these non-reporters did not accept the decision and they appealed it, some of which getting to a tribunal stage. On the whole they had HMRC's decision overturned and as a result did not incur any penalties or overpayments.

As these participants tended to have their tax credits claim stopped whilst this process was ongoing, as a result, they had built up large personal debts during this time. On winning their appeal, customers' claims were reinstated and they had a backdated payment made to cover the period that it had been stopped for. However, as customers had built up debt and arrears in this time, they tended to still be in debt when their tax credits were restarted again.

4.7 Summary of drivers and barriers for reporting

Summary of drivers and barriers for reporting

Reporters did not clearly understand the distinction between joint and single claims but as their circumstances were less complex, they could more easily see that they fit the joint definition and did consider the person to be their partner. They also tended to be more risk averse and wanted to report any changes immediately.

Some late reporters had not initially felt that they needed to make a joint claim, for example if did not see the person as a partner, but were prompted to reconsider on receiving reminders to update HMRC on changes of circumstances on their renewal form. Some had understood that they would need to report but did not want to immediately as they felt that the relationship was in some way unstable.

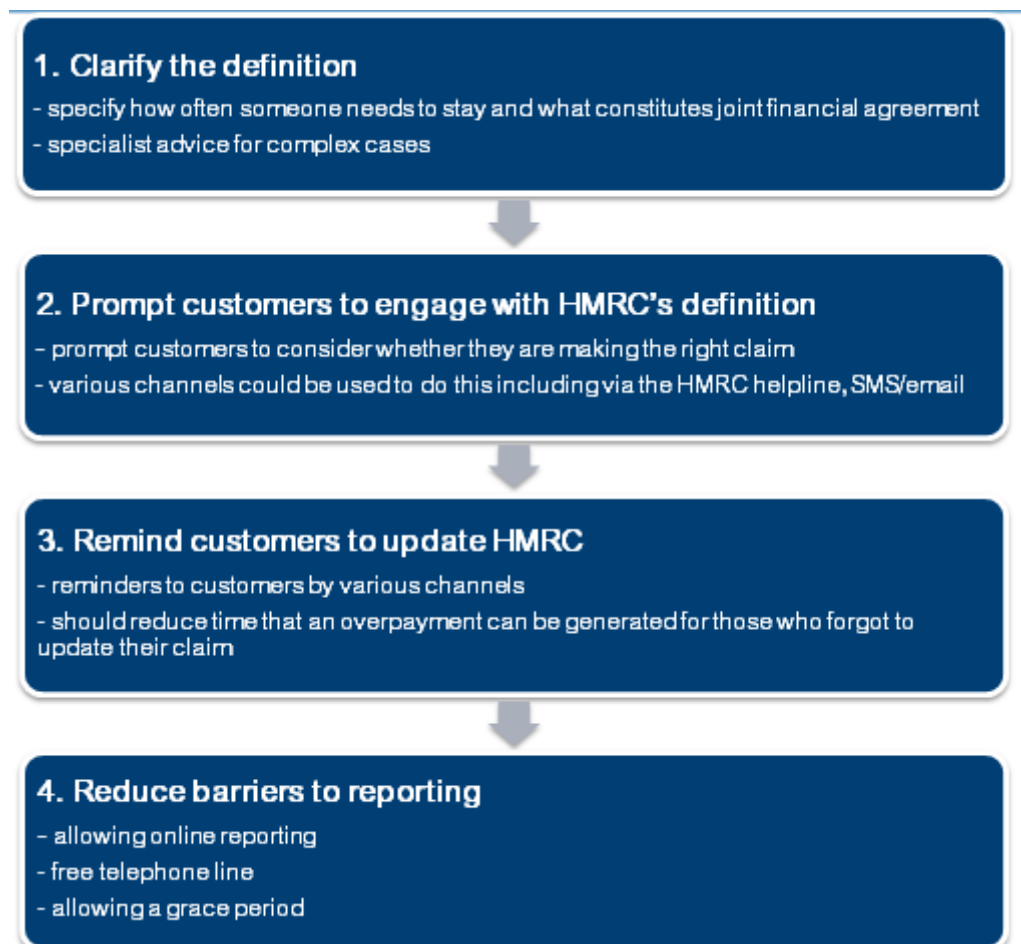
Non reporters had much more complex relationships and did not think that they should be making joint claims, for example if they were not living with someone they were in a relationship. Some also had ties to an ex-partner which meant that HMRC considered them a couple but they did not. This group needed more information on what circumstances could be considered a joint claim and reminders to update HMRC to ensure that they made the correct claim in future.

5 Changing Behaviour

This section explores participants' reactions to proposals that might encourage better or earlier reporting of joint claim status.

Overall there were four key stages that would support the issues that participants had with reporting joint partner status. These were clarity on the definition, prompting customers to engage with HMRC's definition, reminding customers to update HMRC on these changes and reducing barriers to reporting (see figure 5 below).

Figure 5



Each of these four steps could help to resolve the issues participants faced with reporting as outlined in Chapter 4. The issues which may be addressed by each of these steps is outlined, as well as an explanation of what the solution may involve and how this may prevent non-reporting. The research suggested that both clarifying the definition and prompting customers to check and engage with the definition are the most important steps to overcoming undeclared partner status. Reducing barriers to reporting was a final stage which was not directly suggested

by participants. However concerns that participants had over the costs and difficulties reporting suggested that making reporting easier may encourage on time reporting of a partner status.

5.1 Clarifying the definition

Figure 6: Clarifying the definition; issues and possible solution

Issues

Not seeing that person as a partner

Not being in a relationship with that person

Possible solution

1. Clarify the definition

Two key non-reporter groups, those who did not see the person as a partner, and those who were no longer in a relationship with someone could be encouraged to report through greater clarity of the definition. Those who did not see the person as a partner were unsure if they did not share financial responsibilities or did not live with their partner if they should make a joint claim. Similarly there was a group who were not in a relationship with their ex-partner anymore but still had some ties to them (such as shared childcare or financial responsibilities). Clarification over what constitutes a joint claim could also help them.

The definition of joint partner status could be clarified to help customers understand the concepts that they were unsure about, such as specifying how often someone needed to stay at their house to count as a partner, and what a joint financial agreement was.

“Where it says dependent children or a joint financial agreement, is that like, where you both agree to look after the child and give money for the child? That’s not clear for me.”

Female, 36-49, Late reporter

This clarification may help customers who were unsure whether the ties between themselves and someone they had separated with warranted a joint claim, by making them less ambiguous.

An alternative way of clarifying the definition would be to remove the concept of a relationship which would mean customers just had to answer whether someone lived with them or not, and whether the person shared financial responsibility with

them for specific costs. This clarification should help customers who did not think see the person that they were living with as a partner.

However it is still possible that even within these clarifications there would be situations which were still overly complex and where customers needed further guidance on whether their situation fell within a joint claim or not. In these cases stakeholders suggested that a specialist advice helpline could be helpful, where customers could speak to someone from HMRC to get advise on their case.

Advice organisations suggested that the onus could be taken off the customer to understand the definition by instead HMRC asking the customer to answer a series of questions and based on that information given taking a decision on whether the customer should be in a single or joint claim. This would mean that customers do not need to fully understand the definition. Moreover, organisations suggested that, once HMRC made a decision, this could be retained if the customers' circumstances have not changed.

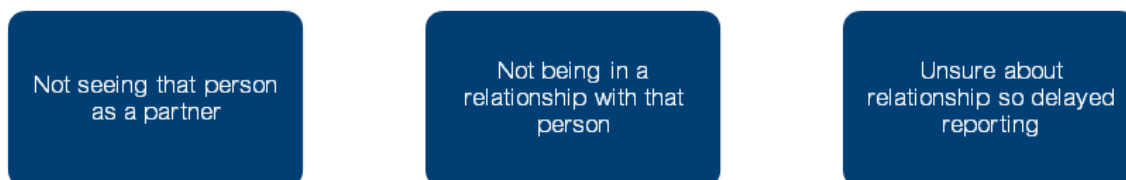
“I’m a bit over cautious [so] I’d just ring up and say “this has happened” and they’d say “that’s a circumstance change, and that isn’t””

Female, 16-35, Reporter

5.2 Prompt customers to engage with HMRC’s definition

Figure 7: Prompt customers to engage with HMRC’s definition; issues and possible solution

Issues



Possible solution

2. Prompt customers to engage with HMRC’s definition

A key issue was that customers did not report because they relied on their own preconceptions of when a joint or single claim should be made – i.e. they did not use HMRC’s definition at all. Therefore whilst clarity on the definition might help, given that they did not use the current definition, customers would also need prompting to engage with any definition.

The research findings highlight a number of potential methods for increasing engagement, including:

- Prompts that make it clear that it is not as simple as they might think to decide if they should be in a single or joint claim. A list with different possible reasons why they might need to claim jointly could be effective at getting customers to reconsider their claim status.
- Third party organisations suggested providing more detailed information about what their claim was and the reasons for this, along with a list of potential changes that would mean that their claim might need to be different. There are a number of methods for doing this for example through detailed information sent to customers in the post, SMS messages, or via the HMRC helpline.
- Third party advice organisations also suggested that the decision on whether a person should be making a single or joint claim could also be taken out of the customer's hands. When customers call to make or update a tax credits claim they are put through a decision tree of questions which tells customers that either they need to claim as a single or joint person.

5.3 Remind customers to update HMRC

Figure 8: Remind customers to update HMRC; issues and possible solution

Issues

Unsure about relationship so delayed reporting

Difficult lives, potentially forgot to report

Not realising they need to let HMRC know

Possible solution

3. Remind customers to update HMRC

There were some late reporters and non reporters who may need to be prompted to update HMRC. Those who were unsure about their relationship may need to be reminded of their responsibilities to update HMRC of any changes, those who thought that they had updated HMRC again may need reminders to encourage prompt reporting, and those who did not realise that they needed to let HMRC know may also need to be reminded to do so.

As with engagement with the definition HMRC may need to use a variety of channels including post and SMS. Participants suggested receiving regular written communication from HMRC before and during the claim, with clear reference to what their current claim type is and to report any changes.

“Tax credits should write to you more, 2/3 times a year, just a reminder, let us know there's been a change in circumstance...Make it clear in everything that you're on a single claim”

Female, 36+, Non reporter

SMS reminders could also be used as they are by other services to prompt customers to update their claim. Participants cited examples of message reminders from other government departments (such as the TV Licensing Authority) and felt regular reminders every 3 months from HMRC would be helpful. Reminders would minimise the impact of overpayments by reducing the period of time within which they would be likely to generate one. It would also mean that they were prompted more regularly than just at the annual renewal time.

Those participants identified as being non-native English speakers (or ESL) or who reported having low literacy levels were equally positive about receiving SMS reminders but were concerned about their ability to understand what is required of them. For them, sending the SMS to a designated person responsible for their claim or following this up with a call in their native language could help these participants report their joint partner status within the required timeframe.

Customers could also be prompted to check their claim when they are making a change to other benefits. Non-reporters who expected that their claim would be automatically updated could be encouraged to report if they were reminded when they were updating e.g. their housing benefit claim to a joint status that they need to inform HMRC as well.

5.4 Reduce barriers to reporting

Figure 9: Reduce barriers to reporting; issues and possible solution

Issues



Possible solution

4. Reduce barriers to reporting

Participants had experienced difficulties with reporting; in terms of the time taken on the helpline, the cost of calling the helpline, and having to wait until the change had occurred to report it. In some cases participants suggested that these difficulties had delayed them from updating HMRC. Participants were also

concerned about the gap in payments that they would receive in between changing their claim.

Whilst not directly suggested by participants it is possible that by making reporting easier customers would be encouraged to report changes promptly. Reducing these barriers in particular may encourage reporting from customers who were unsure about the relationship and delayed reporting, customers who may have forgotten to report and customers who did not realise they needed to let HMRC know that they had experienced a change of circumstances. The research findings highlighted a number of possible options to reduce the burden of reporting changes:

- An online tool to report changes in circumstances could make it quicker and easier for customers to update HMRC of any changes. It could also reduce the costs for customers as they would not need to call the helpline. Both third party organisations and customers were supportive of this option.
- A free telephone line could reduce the cost burden to customers. However to be effective it would need to be done in conjunction with corresponding alerts prompting customers to check HMRC's definition.
- Third party organisations and customers supported the idea of greater data sharing between different government departments, such as the Department for Work and Pensions (DWP). This would reduce the reliance on the customer to submit accurate or timely information by automatically updating a particular tax credits claim based on information verified against data held by other departments. This may particularly help prevent non reporting of changes by customers who assumed that information would be passed between departments.

Participants' main financial concern with reporting a joint status revolved around the gap they would experience in their award payments, rather than the change in their award income (as they were not aware what this change would be). Non-reporters and late reporters did not say that they had not reported or reported late because of this but it had been raised as a major concern for them. Thus measures to ease the gap in payments may also encourage reporting. Some examples of possible measures that both third party organisations and participants supported are outlined below.

- A 'grace period' where customers do not receive any gap in payments and receive the same award level as they were receiving for a month after the change. There were some concerns, though, that a grace period would result in further overpayments, with participants expressing fears that these would ultimately have to be repaid at a later date.

- Writing off the debt related to the change in claim type, provided the customer had come forward to declare their partner. Third party organisations suggested that publicising this would encourage those customers to make a new joint claim who otherwise would not have done so owing to fears that they would be penalised for the timeframe in which they did contact HMRC.

Sanctions are another alternative to encourage supporting. However third party advice organisations felt that these would not have a large impact as they think that customers would report if they knew when they needed to. Sanctions may deter customers even further as they would be too fearful to report any changes.

6 Conclusion

Tax credits customers are aware that there is a difference between single and joint claims as well as the need to report changes in partner status but they hold different interpretations of what a 'partner' is, even after they refer to HMRC's definition. While they generally agreed that a couple living together and sharing all aspects of their lives would constitute a partner, they found it difficult to define more complex or informal arrangements. Additionally, the personal and emotional aspects of defining a relationship meant that customers tended to see the development of a partnership as being only something they could make a subjective judgement about

Awareness of the definition and clarity about how to apply it were clear barriers to customers of all reporting types. This presents the issue of both needing to make customers more aware of what constitutes a partner in the tax credits system as well as helping customers understand how their own situation might fit into this definition. Raising awareness alone will not solve this problem without also providing clarity and guidance for those in less traditional circumstances. The challenge here would be to both provide this guidance and also encourage customers who might be at risk of non-compliance to access it.

Given that customers had a shared view that two people living together and sharing living costs would be relevant to their claim, a definition based on these factors may be easier for customers to understand than one based on their relationships. However, this may cause a different kind of confusion in cases where a customer lives with other adults who they are not in a relationship with.

Not only this, but customers also need to be prompted to re-consider their circumstances and report if necessary. Instances of reporting late or not reporting occurred because customers forgot to update HMRC or assumed that by updating a different benefit claim HMRC would know their circumstances had changed.

Reminding customers of their obligations via post, SMS and the helpline may help to overcome these issues.

Difficulties in trying to report; including the cost and time taken to ring the helpline, as well as concerns over the gap in their award payments whilst their new joint claim was opened, did not directly lead to non-compliance. However in some cases it delayed reporting and as such making it easier to report a partner may encourage prompt reporting of changes. Measures such as ability to report online, a free telephone helpline and financial incentives such as having a 'grace period' to protect customers from a gap in payments may all help to encourage prompt reporting of joint partner status.

Appendix A: Methodology

Ipsos MORI conducted 35 depth interviews with customers who had either reported a joint partner status, or were contacted by HMRC because they did not report a partner. There were two main groups interviewed; those who had reported a joint partner status – this group was further divided between those who reported on time (within the four week compliance window) and those who reported late (after the four week compliance window). The second group was comprised of tax credit customers who were contacted by HMRC as part of a compliance check and had been found to have not reported a joint partner status. Ipsos MORI also conducted eight interviews with third party organisations who provide advice to tax credits customers. In-depth interviews were deemed to be most appropriate for a research area that covered potentially sensitive issues relating to personal relationships, household finances and debt. Depth interviews allowed interviewers to build rapport with customers and to explore their personal situation around the time of reporting or being contact by HMRC about their partner status, and their thoughts of how HMRC could better support tax credits customers through this process in the future.

Interviews with tax credits customers took place in September and October 2015. All customer interviews took place face-to-face in participants' homes. Interviews took between 45 minutes and one hour. As is common practice in qualitative research, all participants taking part as an individual received £30 from Ipsos MORI as a gesture of appreciation, and those taking part as a couple or with a friend or family member received £40. Interviews with advice organisations took place over the telephone and took approximately 45 minutes.

Analysis of the findings was conducted throughout the fieldwork period using a framework approach to analysis alongside regular analysis sessions with the interview team. The four research groups; reporters, late reporters, non-reporters and stakeholders were analysed separately, and within these groups analysis was conducted on a thematic basis. Analysis was then conducted across the three customer groups in order to explore the similarities and differences between them.

Appendix B: Sampling and recruitment

A sample of customers was provided by HMRC from tax credits records. All customers on the sample were sent an advance letter, detailing the purpose and scope of the research and offering them the opportunity to opt-out of the study. Participants were recruited by Ipsos MORI's specialist in-house interview telephone team.

The sample provided by HMRC was drawn from tax credits customers who had either; previously reported joint partner status; undergone a compliance check and been found to have reported a joint partner status after the four week compliance window, or not reported at all. Only customers who indicated at the recruitment stage that they had reported, or had been contacted by HMRC in relation to not reporting a joint partner status were recruited for fieldwork.

Ipsos MORI set various quotas in order to recruit a range of different customers from different areas of the country with different characteristics. The quotas were set with reference to the circumstances of the customer at the time of the event (reporting or being contacted by HMRC for non-reporting). Quotas included: employment status, age group, sex, whether they had children and the age of the children, their claim history (whether they had previously made a joint claim). The final quotas achieved are shown below.

35 x in-depth interviews				
Primary criteria - fixed quotas				
		GROUP 1 'Reporter group'		GROUP 2 'Non-reporter group'
Total interviews		x 8 'on time' reporters	x 8 'late reporters'	x 19
Working status	<i>Full time</i>	0	3	1
	<i>Part time</i>	1	2	7
	<i>Not in work</i>	7	3	11
Age	<i>16-35</i>	7	5	11
	<i>36+</i>	1	3	8
Sex	<i>Female</i>	7	7	18
	<i>Male</i>	1	1	1
Children	<i>No children</i>	0	0	0
	<i>At least one in HH</i>	8	8	19
Claim type	<i>Single claim</i>	1	2	4
	<i>Joint claim</i>	7	6	15
Current Location	A spread across the areas: London, Birmingham, Manchester Cardiff/ Newport and Edinburgh and Glasgow.			

Appendix C: Research materials

Discussion guide for interviews with tax credits customers

Timings 7-8 mins	Participant circumstances at the time of the contact with HMRC
<p>Customer to give outline and description of life and relationship leading up to time of intervention. This will help to put customer into mind set at the time of the event and give contextual information to help with prompting and probing further in the interview</p>	<p>I'd now like to move on and talk about a specific issue that occurred in your claim (or in a previous claim). I understand that...</p> <p>[NON-REPORTER GROUP] you had a single claim and that HMRC contacted as they thought the relationship information for your claim might be incorrect.</p> <p>[REPORTER GROUP] previously you reported a change of partner status to HMRC, changing your claim from a single to a joint claim.</p> <p>HMRC have told us this was in [MONTH, YEAR].</p> <p>Does that sound right?</p> <p>I have some questions that I would like to ask, to find out more about your circumstances and your relationship leading up to that point.</p> <p>Just to begin with, can you tell me a bit about your circumstances before...</p> <p>[NON-REPORTER GROUP] HMRC contacted you?</p> <p>[REPORTER GROUP] you reported the change to HMRC?</p> <p>[Interviewer note: try and get a sense of the customer's circumstances and relationship at that time. This will help to inform the next section of the interview.]</p> <p>PROMPT:</p> <p>Were you working at that time?</p> <ul style="list-style-type: none"> - What were the hours for this? (e.g. F/T or P/T) <p>Who did you live with?</p> <ul style="list-style-type: none"> - IF PARTICIPANT HAS KIDS: How old were your children at the time? - What did you do for childcare? And is this the address you use for your tax credits claim? <p>What tax credits were you claiming?</p> <ul style="list-style-type: none"> - What did you use the money from your tax credits claim for? - How important was it to you as a source of income? - <p>And I understand that you had a partner at the time. Is that right?</p> <ul style="list-style-type: none"> - Did the relationship start before or after you made the single claim? - How long had you been with your partner at the time of being contacted by HMRC? - IF NOT COVERED ABOVE: Can you describe your living arrangements? (e.g. were you living together or separately? Was this every day or just for part of the time?) - How did this change over time? - How did you see the relationship at the time? (i.e. turning into a serious/stable/long-term relationship) - May I ask, what were your financial arrangements with your partner? Did you share your finances and bills, or did you keep these separate?

	<ul style="list-style-type: none"> - What was your partner's situation? Did they work? Were they also claiming tax credits?
Timings 18mins	Reasons for Reporting / Non-reporting
In r/s when made claim	<p>[NON-REPORTER GROUP]</p> <p>I'm interested to find out a bit more about your situation at this time and I have some questions which will cover a number of different aspects.</p> <p>Thinking back to that time, what would you say was the main reason that you didn't report having a partner to HMRC?</p> <p><u>THE DEFINITION</u> At the time, were you aware that there was a difference between single and joint claims?</p> <ul style="list-style-type: none"> - What did you understand the difference to be? Describe in own words? - What difference does this make to the claim? - Do you know what the difference is between a single or joint claim, in terms of what you receive? How much of a difference do you think it is? Why do you think this? <hr/> <p>FOR THOSE WHO WERE IN RELATIONSHIP WHEN THEY MADE THE SINGLE CLAIM:</p> <ul style="list-style-type: none"> - <i>How did you decide to make a single claim at that point? Explore how they applied definition to their circumstances.</i> - <i>Did you look for any information or ask for any advice about this?</i> <hr/>
Began r/s after claiming	<p>FOR THOSE WHO BEGAN RELATIONSHIP AFTER THEY MADE THE SINGLE CLAIM:</p> <p><u>REPORTING THE CHANGE</u> At that time, how aware were you that you needed to report a change of partner status?</p> <ul style="list-style-type: none"> - What did you know about reporting a change? - Did you know when you needed to report a change? Were there any misunderstandings (e.g. reporting through renewal process rather than right away)? - Were you aware of what needs to be reported? - And at that time, did you know how to report a change of partner status? - Was this clear? - What did you think was involved? - Did you know where to go? - Did you think it would be easy or difficult to do? - How confident did you feel that you knew how to report this change? - If you needed support, where could you go? <hr/> <p>FOR THOSE WHO BEGAN RELATIONSHIP AFTER THEY MADE THE SINGLE CLAIM:</p> <p><u>PRACTICAL BARRIERS TO REPORTING</u></p>

And thinking about the time leading up to HMRC getting in touch with you, was there anything which was stopping you from contacting them?

- Probe around access to helpline, cost of call, time, information needed to report

FOR THOSE WHO BEGAN RELATIONSHIP AFTER THEY MADE THE SINGLE CLAIM:

TIMESCALES

Did you know how long you had to report the change of partner status?

- How long was this?
- And how did this fit with your situation at the time?
- Thinking back, had you planned to contact HMRC at some stage? When would this have been?
- Was this linked to a specific event or milestone in the relationship? Or perhaps some other reason?

ALL:

FINANCES

I'm also interested to find out how your finances were at the time leading up to HMRC making contact with you. May I ask, how were your finances at that time?

- How were you feeling about your finances at the time? Generally positive / negative? Probe on how reliant on the money received from HMRC

FOR THOSE WHO BEGAN RELATIONSHIP AFTER THEY MADE THE SINGLE CLAIM:

Did you consider at any time how reporting the change might impact on your existing claim?

How did you think it would affect your claim?

ALLOW FOR SPONTANEOUS RESPONSES THEN PROBE AROUND:

- What would happen to your claim? (claim being stopped and needing to make a new claim/gaps in payments)
- What would happen to the amount you receive? (Level of entitlement/ award amount)
- Would you need to repay any money you had already received? (Moderator note: Did they think they had to repay the entire claim? Or difference between joint and single claim? Or some other amount?)
- How did you know this? Where had you found this information?

How, if at all, did this affect the way you thought about reporting the change to HMRC?

ALL

How did you and your partner manage your finances?

- Did you share financial responsibilities or keep things separate?
- What kinds of things did you share?
- Were there any costs which your partner did not contribute towards?
- Was this something the two of you had discussed and agreed on or was it more informal?
- MODERATOR: where there are children from a previous relationship, probe sensitively about the new partner's financial contribution towards them.

RELATIONSHIP**Was your partner aware that you claimed Tax Credits?**

- At the time did you feel your relationship fell within HMRC joint claim definition?
- [If customer felt their relationship didn't fall into joint claim category] Why? What was it about the relationship that you felt didn't meet HMRC's criteria?
- What were your feelings about the relationship at the time?
- (i.e. positive about the future / worried if it would last / secure / on and off)
- Did you discuss contacting HMRC to change your partner status with your partner?
- Was this something you felt you could discuss with them?
- Was this a decision you made together?
- If you had reported the change of partner status, what sort of impact do you think this would've had on your relationship?
- Would reporting have had implications (financial or otherwise) for your partner? Why did you think this?

OTHER INFLUENCES**At the time, did you know anyone else who had been in a similar situation?**

- Did they report a change of partner status to HMRC or did they decide not?
- What did they advise you to do?
- What about any advice organisations (e.g. Citizens Advice Bureau), did you get any advice from them?
- [IF CONTACTED AN ORGANISATION]: Was this before or after HMRC got in touch with you?

PRIOR EXPERIENCE**Had you ever been in a similar situation before, where your partner status had changed while you were claiming tax credits?**

[ASK IF HAD BEEN IN PREVIOUS RELATIONSHIP]

- Did you contact HMRC to change the partner status of your claim?
- Why / why not?
- What was the outcome in this case?

EXPECTED CONSEQUENCES**Before HMRC contacted you, did you know what would happen if you didn't report a partner or a change in partner status (INTERVIEWER TO USE TERMS AS APPROPRIATE TO CIRCS)?**

- Did you think there would be any sanctions / penalties? What sort? How likely did you think these would be enforced?
- What did you think you would have to pay back? Full amount vs. difference between joint and single claim
- How do you think that HMRC check tax credits claims?
- What information do you think HMRC has access to?
- How often do you think they check them? How likely do you think it is that an incorrect claim would be discovered? How do you think this would happen?
- How common do you think it is for people to make mistakes on their tax credits claim?
- IF AWARE: Was this a concern at all? Did you feel that it was a risk worth taking?

OUTCOME:**What happened when HMRC contacted you about the issue?**

- How did they contact you? Can you recall what they said?
- What did they say?
- What did HMRC ask you to provide?
- Were you able to provide this? Why/ why not?

- Did you understand this at the time?
- How did you feel about this?
- What did you do in response?
- What impact did this have?
- What was the final outcome? Did it go to appeal/ court?
- Probe around overpayments amount, penalties, needing to make a new claim
- How much did they receive and how did this compare to what they expected to receive?

-

IF NOT ALREADY CLEAR/ MULTIPLE REASONS HAVE BEEN RAISED:

What do you think was the main reason you had for not reporting your partner status to HMRC?

- How do you feel about this now?
- Is there anything that could have prevented this from happening?

[REPORTER GROUP]

I'm interested to find out a bit more about your situation at time that you reported your change in partner status to HMRC and I have some questions which will cover a number of different aspects.

Thinking about when you called to report your change in partner status to HMRC, what triggered this?

THE DEFINITION

Thinking back to that time, how well did you understand the difference between single and joint claims?

- What did you understand the difference to be? Describe in own words?
- What difference does this make to the claim?
- Were you aware of the guidance on whether it should be a joint or single claim? How helpful was this guidance?

REPORTING THE CHANGE

At that time, how aware were you that you needed to report a change of partner status?

- What did you know about reporting a change in partner status?
- Did you know when you needed to report a change?
- Were you aware of what needs to be reported and how?
- Did you think it would be easy or difficult to do?
- If you needed support, where could you go?

PRACTICAL BARRIERS TO REPORTING

Was there anything that made actually reporting the change to HMRC difficult?

- Probe around access to helpline, cost of call, time, information needed to report

RELATIONSHIP

Was your partner aware that you claimed Tax Credits?

- Did you discuss contacting HMRC to change your partner status with your partner?
- Was this something you felt you could discuss with them?
- Was this a decision you made together?

- How easy or difficult did you find applying the definition to your relationship? Did you seek any advice about this?
- Did reporting the change have implications (financial or otherwise) for your partner?

TIMESCALES

Did you know how long you had to report the change of partner status?

- How long was this?
- And how did this fit with your situation at the time?
- [Interviewer note]: MUST ASK THESE TO LATE REPORTERS:
- Why did you report when you did? Was this linked to a specific event or milestone in the relationship? Or perhaps some other reason?
- What did you think about the amount of time you had to report the change? Was this enough?
- LATE REPORTERS: If you had another change of circumstances to report in the future how long after a change do you think you would report this? Why?

(INTERVIEWER NOTE – QUESTIONS ON FINANCES BELOW MAY BE SENSITIVE, PLEASE REMIND CUSTOMERS THAT THEY DON'T HAVE TO ANSWER IF THEY WOULD PREFER NOT TO)

FINANCES

I'm also interested to find out how your finances were at the time leading up to reporting the change. May I ask, how were your finances at that time?

- How were you feeling about your finances at the time? Generally positive / negative? Probe on how reliant on the money received from HMRC

How did you and your partner manage your finances?

- Did you share financial responsibilities or keep things separate?
- What kinds of things did you share?
- Was this something the two of you had discussed and agreed on or was it more informal?

OTHER INFLUENCES

At the time, did you know anyone else who had been in a similar situation?

- Did they report a change of partner status to HMRC or did they decide not?
- What did they advise you to do?
- What about any advice organisations (e.g. Citizens Advice Bureau), did you get any advice from them?

PRIOR EXPERIENCE

Had you ever been in a similar situation before, where your partner status had changed while you were claiming tax credits?

[ASK IF HAD BEEN IN PREVIOUS RELATIONSHIP]

- Did you contact HMRC to change the partner status of your claim?
- Why / why not?
- What was the outcome in this case?

EXPECTED CONSEQUENCES

Before you contacted HMRC, what did you think the impact of reporting the change would be?

- Probe around need to make a new claim and change in award level

How did you feel about this?

Were you aware of how much your claim amount would change when you reported the change?

	<ul style="list-style-type: none"> - How did this affect the way you thought about reporting the change to HMRC? - <p>And what do you think might have happened if you hadn't reported the change to HMRC, or had put off telling them?</p> <ul style="list-style-type: none"> - Probe around overpayments, penalties, - Were you aware at all if HMRC check up on people's Tax Credit claims? - IF AWARE: What information do you think HMRC has access to? - IF AWARE: Was this a concern at all? - - PROBE: do they check all claims, or just some? IF JUST SOME: how do they decide which ones? - How do they check a claim? - How common do you think it is for people to make mistakes on their tax credits claim? <p>OUTCOME:</p> <p>What happened when you contacted HMRC about the change?</p> <ul style="list-style-type: none"> - What did they say? Probe around needing to make a new claim - Did you understand this at the time? - What did you do in response? - What impact did this have - Probe around finances and relationship - How much did they receive and how did this compare to what they expected to receive? - - How did you feel about this? What is the overriding memory of the process? - LATE REPORTERS: What was the result of reporting the change after the deadline? Were there any consequences for you? <p>IF NOT ALREADY CLEAR/ MULTIPLE REASONS HAVE BEEN RAISED:</p> <p>What was the main reason you had for reporting your partner status to HMRC when you did?</p> <ul style="list-style-type: none"> - Probe around trigger for defining themselves as a joint claimant as well as timing for reporting. -
Timings 20 mins	Changing behaviours
	<p>Definition</p> <p>What do you think defines a relationship? What are the key factors? What are the most important features?</p> <ul style="list-style-type: none"> • Explore key factors, eg.: <ul style="list-style-type: none"> ○ Length of relationship (how many months) ○ Stability of relationship ○ Marriage / civil partnership ○ Live in the same house ○ Financial arrangements <p>What does being a couple mean to you? Are there any complexities with defining if you are in a relationship or not? How does this impact on a tax credit claim?</p> <ul style="list-style-type: none"> - READ OUT DEFINITION AND HAND STIMULUS TO PARTICIPANT <p>What are your thoughts of the current definition?</p>

<p>Interviewer note:</p> <p>1= SINGLE</p> <p>2= COUPLE</p> <p>3=SINGLE</p>	<ul style="list-style-type: none"> - Is there anything you think is unclear? - Is there anything in there you disagree with? - Explore interpretation of key terms: <ul style="list-style-type: none"> o Couple o Civil partnership o As though you're married or in a civil partnership o Permanently or legally separated o Sometimes live in the same house o Have a joint financial agreement <p>If you could write the definitions for single and joint claims how would you define them?</p> <ul style="list-style-type: none"> - What would you include? - What are the most important things to include? <p>Explore complex examples:</p> <p>1). If an ex-partner provides financial support to their child, should they claim as single people or as a couple?</p> <p>2). If a partner has moved in with claimant but doesn't contribute to any bills or shopping, should they claim as single people or as a couple?</p> <p>3). A couple are recently separated but still live in the same house and still pay the mortgage and bills together, should they claim as single people or as a couple?</p> <p>For each:</p> <ul style="list-style-type: none"> - Do you think this customer should have a single or joint claim? What makes you say that? - Tell them what the answer is, and discuss if it is different, - Explore any uncertainties, etc. - What do you think about relationship status being used in claims for tax credits? Can you think of any better ways of deciding how much support someone should get? - One idea is for HMRC to look at financial arrangements in a household e.g. whether bills and costs are shared with someone rather than focussing on relationships. - What do you think about this? Would this be easier/ more difficult to understand? <p>Current awareness/understanding of the system</p> <ul style="list-style-type: none"> - What's your understanding of how HMRC currently investigate people's Tax Credits claims? <p>How effective do you think HMRC are at finding incorrect Tax Credits claims?</p> <p>What changes to the current system do you think might encourage people to report earlier / at all?</p> <p>Enhanced detection of error/fraud (e.g. data sharing)</p> <p>One possible change would be for HMRC to allow more data sharing/cross checking of electronic databases, e.g. checking tax credits records against electoral roll, DVLA, electoral roll or bank/credit card records. This would mean that HMRC would be able to flag more easily customers who hadn't reported a change. And get in touch with them.</p>
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- What do you think about this approach?
- PROBE: What makes you think that?

(ONLY ASK WHERE RELEVANT: I.E. WERE AWARE THAT THEY WERE CLAIMING INCORRECTLY).

Penalties / Incentives

What sort of penalties or sanctions do you think would encourage people to report partner status?

- Do you know what the current penalties are for not reporting the correct partner status? How effective do you think these are?
- If HMRC did more to make customers aware of penalties, what impact do you think this might have? On you? Other customers?
- How serious do you think not reporting the correct partner status to HMRC is? From a legal point of view, what do you think it compares to?
- How do you think customers would respond if the penalty for not reporting was larger? Would they be more or less effective? Not make any difference at all? Why?
- How often do you think financial penalties are applied on tax credits?
- What do you think about the idea of HMRC stopping a customer's tax credits claim for a certain amount of time as a penalty for not reporting a change? What impact do you think this would have on reporting of changes?

What are your thoughts on using incentives to get people to report partner status?

- Do you think that rewarding people for reporting would increase the numbers who do report? Why?
- What sort of incentives do you think would work best?
-

If there was a 4 week period after you reported a change in partner status where you would still be entitled to the single claim amount and there was no gap in payments (i.e. a 'grace' period) as long as you reported the change within one month of it occurring? What impact do you think that would have on whether customers report on time?

- What do you think about HMRC giving customers a one off payment as long as they voluntarily reported the change within one month of it occurring? What impact do you think this would have?
- Finally, what if the overpayment debt relating to the change (one month's worth max) was written off, as long as a customer voluntarily reported the change within one month of it occurring? How might have affect customers decisions about reporting changes?

**(For non-reporters and late reporters)
Support and opportunities**

**Thinking back to your situation, what do you think would have enabled you to report your change of circumstances at the time of the change?
Could HMRC have provided any further support/ services?**

- How could HMRC do this?
- **What do you think about being regularly reminded by HMRC to report any changes to them? For example – a reminder every 3 months?**

	<p><i>(Interviewer note: this would be in addition to the requirement to tell HMRC about any changes within one month, but should minimise overpayments, by reducing length of time a change isn't reported for)</i></p> <ul style="list-style-type: none"> - How would you prefer to make these changes- online/ telephone/by post? - Do you think that if HMRC contacted you more often to ask if your circumstances had changed, you would be more likely to report? - How would you want HMRC to contact you about updating your claim? (e.g. phone / letter / digital) <p>PROBE: What if HMRC sent out targeted email or texts?</p> <p>PROBE: What if there was a dedicated hotline / website which you could go on to report the change or get advice from HMRC?</p> <p>If there was an option to talk through your situation in depth with an HMRC partner status expert, would this have helped you?</p> <ul style="list-style-type: none"> - Why / why not? - What are the kinds of questions that they could have asked that would have prompted you to think that you may need to make a joint claim?
Timings 5 mins	Conclusions
	<p>What do you think would make it easier for customers to understand when they need to report a change in partner status?</p> <p>Is there anything else that you wish to mention that we have not already discussed?</p> <p>Thank participant; explain the next steps (e.g. what HMRC will do with the findings).</p> <p>THANK AND CLOSE. Reassure about confidentiality</p>

A. Discussion guide for interviews with third party advice organisations

1. Introduction	2-3 mins
<p><u>Welcome and introduction</u></p> <ul style="list-style-type: none"> ○ Thank participant for taking part. ○ Introduce self, Ipsos MORI. ○ Explain that we will be talking about their views on the issues that tax credits customers' come to them for help with regarding declaring changes in their relationship status and how HMRC might improve the notification process or assist stakeholders to deliver a better service for customers. ○ Confidentiality: reassure that all responses are anonymous and that information that can be linked back to individuals will not be passed on to anyone, including back to HMRC or any other Government Department. However, as we are conducting a small number of interviews with support organisations which have been arranged in partnership with HMRC, it may be possible that their responses could identify the organisation they work for. ○ Explain outline of the research overall; to understand the issues surrounding customers reporting of Change of relationship status, and barriers to this, to enable HMRC to identify support that they can offer customers to report changes when they happen. ○ And explain purpose of these interviews, we have already conducted interviews with customers and we would like to get their views on what support they think could be offered by HMRC to their organisation/ to customers. . ○ Role of Ipsos MORI – independent research organisation (i.e. independent of GOVERNMENT), gather all opinions: all opinions valid. Remind that there are no right or wrong answers. Commissioned by HMRC to conduct the research. ○ Get permission to digitally record – transcribe for quotes, no detailed attribution. 	<p>Orientates interviewee, prepares them to take part in the interview</p> <p>Outlines the 'rules' of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)</p> <p>Explain next steps (e.g. what HMRC will do with the findings – developing understanding of how to encourage better reporting of relationship status changes)</p> <p>Encourage respondent to be as specific and opinionated as possible</p>

2. Professional background	2-3 mins
<p>I'd like to start by learning a little about you and the work you do.</p> <ul style="list-style-type: none"> • Can you tell me a bit about your role and the organisation you work for? How long have you worked there? • What kind of people tend to contact you for advice? What issues do they have? • What is your organisation's relationship with HMRC? What kind of work do you do with tax credits customers? 	<p>Gives contextual background information about the interviewee and an understanding of the challenges and opportunities facing their organisation</p>
3. Explore their experience with Tax Credits	10 mins
<p>As mentioned, this study aims to understand the reasons for some tax credit customers not notifying HMRC of changes in their relationship status, and what tools or support HMRC could provide customers or stakeholders such as yourselves and their organisations to help you advise customers correctly.</p> <p>NOTE TO MODERATOR: Focus specifically on issues around partner status.</p> <ul style="list-style-type: none"> ▪ Have you dealt with issues around partner status in tax credits claims before? ▪ (Briefly, will return to later) What kinds of issues have you dealt with? ▪ How clear do <u>you</u> find the rules regarding single and joint claims? Are there any grey areas? What are these? Is there particular information/support that you would find helpful from HMRC with this? ▪ At what point are customers when they approach you/your organisation? <p>PROMPT: at point of 1st claim; at point of change in circumstance; at point when they are told by HMRC of a suspected undeclared partner, a customer wanting advice on appealing an entitlement decision.</p> <ul style="list-style-type: none"> ▪ What other information do you think HMRC should be providing its tax credits customers or organisations such as yours regarding making a claim or reporting a change in relationship status? What difference would this make to your organisation? ▪ Are there particular things that you think HMRC could do to reduce the demand for your organisation's help? <ul style="list-style-type: none"> ▪ PROBE <ul style="list-style-type: none"> ▪ provision of info (directly or online)? 	<p>Introduce topic of reporting relationship status and issues faced by customers when approaching stakeholder</p>

<ul style="list-style-type: none"> ▪ provision of digital services to encourage reporting? ▪ increasing support offered by HMRC to customers/ to advice organisations? ▪ Making it easier for the respondent/organisation to act on behalf of the customer <ul style="list-style-type: none"> ▪ Follow up on any examples mentioned previously i.e. this customer had this problem and HMRC could have done this to help 	
4. Exploring your work with tax credits customers	15 mins
<p>I'd now like to talk about some of the reasons customers might have for reporting or not reporting their partner status to HMRC.</p> <ul style="list-style-type: none"> ▪ What sorts of issues do your customers face? ▪ What support are they looking for? PROMPT: related to joint vs. single claims? ▪ What help do you provide them? ▪ How much would you say your customers know about the difference between when they should make a single and when they should make a joint claim? Anything in particular that they find difficult? ▪ How far do they understand the need to report changes? PROBE: their attitude toward reporting, needs to be done/nuisance etc ▪ How well do your customers know the process regarding reporting a change in their partner status to HMRC? (do they know how to report) ▪ How typical are these kinds of issues? ▪ What's the problem from respondents perspective <ul style="list-style-type: none"> ▪ Thinking about your customers, what makes them report changes to HMRC? Are there any factors in particular which encourage them to report? ▪ How about reporting a change in partner status specifically? (anything unique to this type of reporting?) ▪ What reasons might customers have for delaying reporting a change in partner status? <ul style="list-style-type: none"> ▪ Concerns about what will happen to their tax credits if they report a change? ▪ Do they understand what will happen? ▪ Any differences household breakups vs declaration of new partner? ▪ How much of an issue do they think this is? <ul style="list-style-type: none"> ▪ As above – does this depend on type of partner status being declared 	<p>Identify barriers to reporting changes and possible triggers or motivators for compliance</p>

<ul style="list-style-type: none"> ▪ And how about customers who do not report a change in partner status? What reasons might they have for doing this? ▪ PROBE: How much would you say it is related to their finances? Do you think customers are correct in their understanding of the monetary difference of a joint vs single claim? 	
5. Drivers of behaviour	15 mins
<p>In light of some of the issues which we've been discussing, HMRC are keen to hear more about what could assist organisations such as yours in supporting customers to report a change in relationship status (or reporting these changes earlier).</p> <ul style="list-style-type: none"> • Can you tell me your understanding of the potential consequences for not reporting a change in partner status? What advice do you offer your customers in this regard? PROBE: Awareness of sanctions/incentives and their consequences, • How do you think your customers understand the process of what happens if they do not report a change in relationship status to HMRC (or if there is a delay in doing this?) <ul style="list-style-type: none"> ○ PROBE: What do you think their understanding is of how HMRC detect non-compliance? E.g. what measures may be in place to do this. ○ Further PROBE: Are they aware of any consequences to not reporting – if so, what? • How familiar would you say you are with the concept of notional entitlement? (NB. This is the amount they would have been entitled to if they had reported correctly – it is expressed in net terms i.e. it is deducted from the debt resulting from an incorrect award) <ul style="list-style-type: none"> ○ PROBE: And how familiar would you say your customers tend to be with it? • What do you think about notional entitlement? Do you think it encourages/ discourages reporting of changes of circumstances? Is it something you explain to your customers or which influences the advice you provide? • If notional entitlement were more widely publicised do you think it would have any impact of reporting of changes in circumstances? • If we should publicise the concept of notional entitlement how do you think we could do this in the most effective way? PROMPT – Delivery channel • What could HMRC do or provide that would assist you or your organisation in meeting the needs of your customers with regards to reporting relationship change of circumstances? PROMPT: <ul style="list-style-type: none"> ○ More support from HMRC 	<p>Gauge perceptions of stakeholder and of customers of the consequences of non-reporting and delays in reporting relationship status</p> <p>Moderator note: Notional entitlement is where HMRC allows the customer entitlement to the amount that they would have received had they claimed correctly, minus the amount that they shouldn't have been paid. Technically HMRC could say that as they hadn't claimed correctly they aren't eligible for any of the tax credits award that year.</p>

<ul style="list-style-type: none"> <ul style="list-style-type: none"> ▪ What sort? ▪ How would this help? ▪ ○ Clearer communications/ more information on what constitutes a partner? <ul style="list-style-type: none"> ▪ <u>how could this be done? (Link back to specific examples from earlier and to the 'grey areas')</u> • How do you think (if at all) any of the following changes might impact on the level of undeclared partners in the tax credits system? <ul style="list-style-type: none"> ○ Incentives? – what? ○ Harsher sanctions/penalties? – what? ○ A 4 week period after customers reported a change in partner status where they would still be entitled to the single claim amount and there was no gap in payments (i.e. a 'grace' period) as long as they reported the change within one month of it occurring? ○ Requiring people to report more frequently? E.g. requiring customers to view data held on them every three or four months and to submit a statement agreeing it is still correct. ○ Data sharing between different departments to spot anomalies. ○ A helpline customers could call to talk through their situation in depth with an HMRC partner status expert. • Is there particular information/support that you would find useful from HMRC? <p>One of the changes they are considering is moving towards a digital approach. This could involve setting up a system enabling customers to report any changes online.</p> <ul style="list-style-type: none"> • How do you feel about this? What impact do you think this will have on your customers? Why do you say this? How would this affect the incidence of undeclared partners? • How would this impact your ability to provide advice and support your customers with this? PROMPT: Any information/support you would require from HMRC to be able to do this • Would they want to be able to act online on behalf of clients? • What other ways could HMRC help people report changes correctly? PROBE: What would be the easiest and simplest way of facilitating this? PROMPT: Other incentives/sanctions • Is there particular information/support HMRC could provide to customers? 	<p>Understand and explore their recommendations for policy changes to encourage better reporting</p>
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<p>6. Summary</p>	<p>5 mins</p>
<p>Thinking about everything we have discussed can you summarise for me....</p> <ul style="list-style-type: none"> - The support you receive from HMRC in dealing with issues around reporting relationship status changes - In what ways are tax credits customers affected by these rules? PROMPT: Requirement to report within 1 month. - What barriers prevent them from reporting changes? - What would encourage them to report them better/earlier in future? <p>Is there anything else you would like me to pass on to HMRC?</p> <p>Draw the interview to a close, thank the participant for taking part and explain next steps.</p>	<p>Bringing the conversation to a close, including identifying the key issues for the organisation and your customers, and the role they feel central government should play</p>

