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Experiences and Behaviours of Dissatisfied Tax Credits Customers

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Executive summary

Tax credits (comprised of Working Tax Credit and Child Tax Credit) provide a flexible system of support to families who need it. Not all customer journeys through the tax credits system go smoothly and there are three routes customers can take if they are dissatisfied: complaints, disputes and mandatory reconsiderations. Dealing with high numbers of complaints, disputes and mandatory reconsiderations is costly to HMRC and can affect the department's reputation and relationship with its customers. Ensuring issues are avoided or dealt with quickly and fairly is a priority for HMRC and feeds into two key business objectives: to maximise revenues and improve customer service.

HMRC commissioned Ipsos MORI to undertake a research study to provide insight into the customer experience of complaints, disputes and mandatory reconsiderations (also known as repair products). Specifically, the research aimed to understand what triggers the repair process; experiences of what the processes involved and reasons for customers deciding to escalate their case. In total 40 in-depth interviews were conducted (face-to-face and telephone) with tax credits customers who had been through the complaints, disputes or mandatory reconsiderations process at some point between October 2015 and March 2016¹.

Customer context

A number of contextual factors were found to impact on customers' ability to manage the complaints, disputes or mandatory reconsiderations process effectively. The research found that customers tended to have low awareness of the processes, often not realising there was a formal process at all, this affected their expectations of the length of time the process would take, what they would be required to do and how it would conclude. Moreover, those raising a repair tended to be relatively new tax credits customers, with limited experience of the wider tax credits system, and few customers had prior experience of the repair process.

Whilst customers' understanding of the tax credits system and these processes was fairly low, some customers faced additional barriers which impacted on their ability to manage their tax credits claim effectively. This could lead to problems arising with their claim and could trigger a complaint, dispute or mandatory reconsideration. Customers could find it difficult to understand the tax credits system even where they had previous experience. This included those who had recently moved to the UK where a language barrier impeded understanding, and those who were vulnerable or living with a disability who required more support to engage with the system. Customers who had experienced a significant life event or period of transition such as a birth, death, separation or illness often described this coinciding with difficulties experienced with their claim, which could contribute to raising a complaint, dispute or mandatory reconsideration.

¹ Further details of the research methodology can be found in the appendices at the end of this report.

Triggers of the repair process

Customers tended to be unaware they had triggered the repair process, rather, they believed that they were sorting out a problem with their claim, such as an under or overpayment, or to make HMRC aware of their dissatisfaction with the service they received. Beyond the initial issue, customers provided accounts of their experiences which included the perceived errors made by HMRC, the loss of key documents, or poor customer service ultimately triggering the repair (in instances when customers were aware they were raising a repair, and when they were not aware). This build-up of issues exacerbated the situation, leading to a tipping point where customers wanted to pursue the repair process, and, in particular, make a complaint.

Customers tended to start the repair process by calling the helpline to query an overpayment, an award amount or to discuss something in relation to their claim. During this call, the advisers tended to raise the repair on the customer's behalf. The underlying problems that led to repairs could be grouped into a number of broad types:

- Perceived HMRC mistakes and errors; including HMRC recording changes of circumstances incorrectly;
- Poor or conflicting advice from HMRC; such as directing customers to the wrong repair product, which elongated the repair process; or incorrect information given about their claim either creating an overpayment or underpayment;
- Levels of customer service; where customers had felt that advisers had been rude or unhelpful;
- The handling of debt; this was a sensitive issue for customers and HMRC were seen as aggressive in pursuing the debt. Contact from debt collectors often came as a shock to customers;
- Customers misunderstanding of their responsibilities or requirement; this was related to the need to declare a change of circumstance, and to inform HMRC of a desire to close a tax credit claim; and
- Lack of other options; complaints could be raised where customers had no further options for recourse with other repair products, such as when mandatory reconsiderations had timed out.

Experience of the repair process

Customers who raised mandatory reconsiderations were more likely to have done so using official forms than customers of other repair products.

Advice and guidance was not widely sought; customers called the contact centre as a first resort. There is limited evidence of customers accessing support through GOV.UK and third party websites. GOV.UK was found to be hard to navigate, and other websites were not thought to be especially informative, although

the sharing of others' experiences did encourage customers to pursue their repairs. Customers who needed more support, in particular those who speak English as a second language, were more likely to access third party organisations, such as CAB, MPs and legal aid, to help them with through the repair process. There were examples of customers allowing CAB to take ownership of the process for them.

HMRC's decision letter was often misunderstood by customers, including those who saw this as one of many letters received from HMRC. Consequently, the letters did little to dissuade customers from escalating their repair. Mandatory reconsideration letters were found to be more successful in helping stop customers from escalating the repair, or attempting to resolve the issue when this was not possible, because these customers found the language used stricter, so were more likely to be put off pursuing the repair.

Customers provided a number of reasons why they decided to escalate their repair, including: feeling that they had managed their claim correctly so felt entitled to pursue a positive outcome; to gain additional information about why the issue arose in the first place; or as a result of the length of time and emotional work involved in pursuing the repair. Reasons given for non-escalation included receiving a satisfactory explanation of why an overpayment occurred; references to the law in the decision letter deterring further action; feeling unable to pursue the repair due to lack of progress.

The involvement of outside agencies, such as debt collectors, had an impact on the repair process. Initially, customers could be shocked, however debt collectors also had a positive effect, with customers feeling that they were responsive to their concerns, and they felt able to discuss and set up a repayment plan with them.

Outcomes

Overall satisfaction with the process was not found to be linked to the outcome or repair decision and no clear patterns were identified by repair type or by previous levels of experience.

Customers tended to have low awareness of how the formal repair process worked and how they could progress their issue. They assumed that the complaint, dispute or mandatory reconsideration would be sorted quickly and easily, so when the repair took longer to reach a conclusion or when customers felt that they did not know how the repair was progressing this could lead to frustration, which would prompt escalation of the repair product. Customers who received information throughout their case; about why the issue had arisen, the likely timelines, what they needed to do, and the final outcome were more satisfied with the repair process and the outcome.

The financial impact of going through a repair process, such as accruing debts whilst tax credits payments had been stopped, led to other issues that meant customers were still unsatisfied at the end of the process, even where the decision was overturned. Customers who found the repair process stressful felt that the emotional impact of managing a complaint, dispute or mandatory reconsideration was not

acknowledged, and no apology was made for the way that they were made to feel during the process, which these customers would have appreciated.

Suggestions for improvement

- Many issues which arose for customers were caused in part by a lack of knowledge about how the tax credits system works, and about the customer's responsibilities in managing their tax credits claim. Providing more information about how the tax credits system works, in particular the role that overpayments pays, could also have the potential to significantly reduce the number of repairs, and in particular disputes, that are made.
- The level of information that customers had about the repair process was not always sufficient. Providing more information which makes it clear that a customer has triggered a particular repair process, detailing each stage, could improve customers' experiences of the overall process. Giving customers more information about why the issue had arisen in the first place may also reduce unnecessary calls to HMRC.
- The helpline plays a central role in the repair process; customers turn to it throughout the repair with an expectation that they can resolve matters quickly and easily. Giving helpline staff more power to put simple remedies in place, such as amending details, correcting administrative errors or approving repayment plans at an early stage would help to avoid customers being drawn into the full repair process.
- Providing advisers with more information about the repair process would allow them to give better guidance to customers. Equally, enabling advisers to pass customers on to specialised teams that deal with complaints, disputes or mandatory reconsiderations may be a more effective use of staff time, and improve customer satisfaction with the service provided. Where conflicting advice is given by advisers, there is a need to address the knowledge gap to ensure that guidance provided is factually correct.
- Where helpline staff were able to clearly, and empathically communicate why the issue had occurred customers were less likely to escalate their repair. Customers also felt that helpline staff should record more detailed case notes which would make the process easier to manage for advisers and for themselves, and should provide greater clarity around the status of the repair, presenting available options for recourse.
- Providing more signposting and information about the repair process in a clearer way on GOV.UK may help to manage customer expectations when they start a complaint, dispute or mandatory reconsideration, and lead to more satisfaction with the service provided. Providing the functionality to raise repairs online could solve some concerns customers have about the process, making it easier to manage and track their complaint, dispute or mandatory reconsiderations.

- Clear information on the outcome of the case needs to be provided. Customers need to know that their repair process has closed, why the outcome has been achieved and what they can do if they need further support.

HMRC have started to respond to all of the points raised from the findings of this study, in some cases, changes have already been implemented to improve the customers' experience of tax credits, and the repair process in particular. Throughout this report, details of the actions that HMRC has made, and further options for improvements have been outlined.

1 Introduction

This chapter of the report introduces the research study and provides an overview of approach. It includes details of the context, research objectives and the research design and approach.

Context

Tax credits (comprised of Working Tax Credit and Child Tax Credit) provide a flexible system of support to families who need it. However, not all customer journeys through the tax credits system go smoothly and there are three key routes (repair products) which a customer might take if they are unhappy with the service they have received or a decision taken relating to their claim:

- **Complaints** - customers can raise complaints if they are unhappy with how they have been treated or think that there have been unreasonable delays or mistakes made, for example.
- **Disputes** - if a customer has been overpaid tax credits, and they believe that HMRC made a mistake they can raise a dispute within 3 months of receiving notice of the overpayment.
- **Mandatory reconsiderations** - if a customer believes that their tax credits are wrong they can contact HMRC to initiate a mandatory reconsideration within 30 days of receiving their award notice.

In cases where a customer is unsatisfied with the outcome following a complaint, dispute or mandatory reconsideration, this can be escalated for further review by HMRC. If the customer is unhappy after the second review they can be referred to the Adjudicator's Office (complaints) or the Tribunal service (mandatory reconsiderations).

Dealing with complaints, disputes and mandatory reconsiderations is costly to HMRC and can affect the department's reputation and relationship with its customers. Making sure that issues are avoided and, if they cannot be avoided dealt with clearly, quickly and fairly, will help HMRC with two key objectives of its current business plan: to maximise revenues and improve customer service. This will become more important as the number of tax credits customers transitioning to Universal Credit increases. As there are 4.5 million tax credits customers, the majority of which will be gradually moving to Universal Credit, this will generate a large number of tax credits finalisations², overpayments and possible disputes, particularly in relation to overpayments from previous years.

The vast majority of customers are able to successfully apply for and receive tax credits without issue. Within the total population of tax credits customers, only a small proportion have raised either a

² A process through which the customer closes their tax credits claim, and HMRC reviews and finalises the details of the customer's award. Customers are sent a letter from HMRC and check that the details of their award are correct. In some cases, customers may have been overpaid by HMRC.

complaint, dispute or mandatory reconsideration. In the last financial year (2015/16) 95,961 tax credits customers raised a dispute; 23,410 raised a complaint; and 83,349 raised a mandatory reconsideration. Combined, this represents under three percent of the entire tax credits population, suggesting that the tax credits system is working well in most cases. Further to this, the latest data shows that 35% of complaints, 53% of mandatory reconsiderations and under 8% of disputes raised were decided in the customers' favour. These statistics point to the fact that in the majority of cases, HMRC is administering tax credits correctly.

Since April 2016, HMRC have started implementing a number of measures which are designed to meet the challenges experienced by customers throughout the process of making and updating their tax credits claim. Changes that have been applied to the system or have been proposed are noted and drawn out at relevant points throughout the report. These changes are also summarised at the end of each chapter.

Aims and objectives

This research aimed to provide HMRC with insights into the customer experience of complaints, disputes and mandatory reconsiderations, exploring individual experiences and views of the journey, drivers of behaviour, support needs and suggestions for improvement. Specifically, the research explored:

- What triggers a complaint, dispute or mandatory reconsideration and how this differs by customer group.
- What advice customers need and seek before they pursue a complaint, dispute or mandatory reconsideration, what customers think of the guidance currently available and how could this be improved.
- Why customers currently choose a particular channel of contact and how this impacts on their experience.
- The experiences of the complaints, disputes and mandatory reconsiderations processes and how these differ according to the outcome received by a customer.
- Reasons for customers further escalating their case, and what could be done to avoid this happening.

Sampling and Methodology

This study comprised a total of 40 qualitative in-depth interviews with tax credits customers, including 35 face-to-face interviews and five telephone interviews. Interviews were conducted between August and September 2016 with tax credits customers who had been through one or more of the three repair processes between October 2015 and March 2016.

The sample was designed to include customers with a mix of experiences, circumstances and journeys in relation to complaints, disputes and mandatory reconsiderations and to reflect the overall tax credits population. The sample included a total of 13 customers who had raised a complaint; 16 customers who had raised a dispute; and 11 customers who had raised a mandatory reconsideration. It included a mix of levels of escalation and final outcome (including those who had their decision upheld or overturned) and a mix of other demographic variables, such as employment, household structure, income levels, age, gender and ethnicity. The sample profile is outlined below:

Primary Variables – 40 depth interviews				Total
Type of repair	Complaints 13	Disputes 16	Mandatory reconsiderations 11	40
Nature of repair	Overpayment – 4 Poor service / delays / mistakes – 3 Changing claim – 3 New claim – 2 Other – 1	Disputed overpayment – 16	Change to an existing claim – 5 Renewal of claim – 4 New claim – 2	
Escalation level³	Stage one – 7 Stage two – 6	Stage one – 7 Stage two – 9	Stage one – 7 Stage two – 4	21 19
Final outcome	Decision: upheld – 7 overturned – 3 pending – 3	Decision: upheld – 5 overturned – 7 pending – 4	Decision: upheld – 5 overturned – 4 pending – 2	17 14 9

For further information around the research methodology, sampling and recruitment, please refer to the appendices. Contextual information detailing the profile of the sample is outlined in the following chapter.

It should be noted that all customers in the sample had undertaken a complaint, dispute or mandatory reconsideration and therefore felt they had not had a satisfactory experience when claiming tax credits. The purpose of this research was to look for ways to improve performance by drawing on the experiences of these customers specifically and are not reflective of the wider tax credit population.

Throughout this report, a number of changes, improvements and enhancements are mentioned. Readers should be aware that although a small number of these changes were implemented at the time of interview (August – September 2016), customers often recounted experiences from before this time. Findings do not therefore reflect the impact of these improvements, rather, the state of the system prior to these changes being implemented.

³ For sampling purposes, all customers who did not escalate their repair (received the outcome of their complaint, dispute or mandatory reconsideration, and either had the decision overturned, or chose not to pursue the repair further) are categorised as 'stage one'. Customers who escalated their repair to a review, or to the Adjudicator's Office or tribunal are categorised as 'stage two'.

Please note: qualitative research is illustrative, detailed and exploratory. It offers insights into the opinions, feelings and behaviours of people. All participant data presented should be treated as the subjective perceptions of customers, and not necessarily a true reflection of what happened. Please note: the experiences presented in quotes and case studies offer a reflection of the typical experiences and views noted by customers who took part in this research, their purpose is to illustrate and illuminate the findings.

Qualitative research is not intended to provide quantifiable conclusions from a statistically representative sample. Furthermore, 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 all tax credits customers or specific types of customers, but instead the research has been designed to explore the breadth of views and experiences – understanding how and why issues occur and what underpins behaviour.

2 Customer context

This chapter outlines a number of contextual factors which were found to impact on customers' ability to manage the complaints, disputes and mandatory reconsiderations process (repair process) effectively. The research found that customers tended to have low awareness of the process and faced difficult circumstances around the time of the repair, which influenced their experience of both this journey and tax credits more broadly.

Awareness of the tax credits repair process

Awareness of the repair process was generally low. Customers did not tend to understand or have a sense of what the overall process involved, often this was the first time customers had been through the process. Indeed, for some it was their first claim for tax credits, so the entire system was new to them. For those who had been through the repair process before this tended to have been an isolated case and something that took place a long time ago.

"I didn't know how to go about it... my daughter had an overpayment before but she just paid it...but her circumstances were not like mine."

Dispute, Stage two, Decision overturned

Improving customer awareness and understanding of the tax credit system could help to avoid repair products being raised when they are not required or unlikely to be successful. In particular, customers tended not to know that overpayments are an integral part of the tax credits system. This caused issues for customers, as they could mistakenly believe that they would be able to raise a dispute to overturn an overpayment when in fact the overpayment received was legitimate and not contestable.

Alongside this, when customers report a change of circumstance which might result in a reduced award, providing clear advice about how this will affect the award amount, and the possibility of receiving an overpayment at the time of the change may help to reduce the number of repairs, particularly disputes, being raised.

In 2016 HMRC trialled new call processes to explain how a reported change of circumstances will impact payments and overpayments and that the award notice will explain it in due course. The results are being analysed to ensure it would benefit all customers before wider rollout. There is also an opportunity to extend this via the digital service, which HMRC are currently considering for viability.

Customers viewed their interactions with HMRC as an attempt to 'sort out their problem' (such as an overpayment or inaccuracy in their award), rather than a process they had actively chosen to pursue. They often saw their problem as a one-off and did not always understand that their issue was in fact

much more common than thought. Moreover, they were not aware they had been through a formal process, and that their issues would be dealt with in a standardised way, within the overall tax credits system.

In June 2016, HMRC updated the GOV.UK tax credits repair pages, providing further guidance and clarification of the difference between complaints, disputes and mandatory reconsiderations to manage the expectations of a successful outcome. The information provided equips customers with a better understanding of the timescales involved and the requirement to submit additional evidence (where necessary), which can be a source of dissatisfaction and lead to escalation (this is discussed in detail in chapter four). HMRC is exploring the use of YouTube videos as a means to support customer understanding of the tax credits system. The videos would include explanation of overpayments and provide guidance around the requirement for customers to report any change of circumstances. Further to the revised webpages, more focussed training for advisers to provide information and advice around the different the repair products and possible routes of progression, timescales and outcomes would also help to improve customers' experiences of the repair process by setting expectations at the start of the customer journey.

Where customers had experience of other complaints processes, such as in customer services industries, they tended to manage the process better. Customers who had made complaints about other services understood that they would need to keep a record of everything that happened. Customers explained that keeping a record of every conversation they had with HMRC meant they could refer back to the details throughout the process and use this to make their case to HMRC. These customers did still not always understand the full repair process or know which point they were at within it, but were able to manage the overall process better by having the information they needed.

"I know the process, I used to work for a bank so I know all the ins and outs. That's why I always keep the names of the people I speak to"

Dispute, Stage two, Decision upheld

There were examples of customers having previously raised a complaint, dispute or mandatory reconsideration – but this was more exceptional. Where this occurred, customers exhibited a better awareness and understanding of the broad repair process. However, they still lacked understanding of specific details and differences between repairs, and they were not always able to apply what they had learnt from case to case. Due to this, these customers did not necessarily believe 'experience' made the process easier nor helped them to achieve a positive outcome.

Levels of awareness and understanding are important; they underpin customer expectations of what the process will involve and what will happen as a result. For example, the nature of contact customers will

have with HMRC, the actions they will need to undertake, how long the process will last, options for escalation, how a decision will be made and how customers know when the repair has been closed.

- Customers were unaware of the timescales involved in sorting out their problem, they did not know that this could take up to a year or longer to resolve more complex cases that progressed through a number of repair tiers. This became an issue for customers later on, and was a contributing factor towards escalating their grievance (see section four).
- Customers were unaware that they would need to submit evidence and information supporting the reasons why they were contesting the overpayment or award amount if they believed this was wrong. This caused some annoyance because customers assumed that HMRC would have access to all information relating to their claim; in some cases, customers felt that 'they were doing HMRC's job for them'.
- There was a lack of knowledge around how decisions were made, and what implications these outcomes would have. Customers did not always know if they could contest an outcome, or if HMRC had reached a final decision and that HMRC would not review this or overturn this (see section five).
- Disputes customers were not aware that HMRC may take further action, such as engaging a debt collector to pursue any outstanding debts.

Since August 2016, customers who submit a dispute or mandatory reconsideration online are able to track its progress via an online platform, and a similar form for complaints is currently being developed. With these forms, customers are able to quickly and easily check the status of the repair, rather than having to chase this up with the helpline, which can lead to frustration. HMRC have developed a facility to respond by email for quicker responses to customer queries, reducing the waiting time with letters, which can cause frustration. This is in the process of being introduced to tax credits repair processes. From January 2016 customers will also be able to electronically attach photos or scans of documents to support their mandatory reconsideration at the point of submission through their personal tax account, to simplify the process of providing evidence to HMRC.

Case study one – Dispute, Stage one, Decision upheld

This case study demonstrates how a customer's understanding of tax credits can impact on their ability to manage their claim effectively. This case represents just one of a range of situations in which customers found themselves, in the lead up to the triggering of the repair process.

Context and trigger

Dominic⁴ was told by his father that he qualified for tax credits so should look into applying for them. He duly did this, and with the help of his father, he submitted the claim. Dominic explained that he had a poor understanding of tax credits at the time he made the claim, and relied on family members to help him complete forms like this.

When the award notice came through, Dominic had been given a generous amount. He thought that this was correct, and did not question the amount he was going to receive.

The following year he renewed his claim, entering the same information on the form as the original application. When Dominic received the award letter, the amount he was going to receive was considerably reduced. He also received a letter saying he had been overpaid by several thousand pounds, which he would have to pay back.

Repair process

Dominic did not understand why this had happened and so contacted HMRC on the telephone to contest this. Dominic was not aware of the formal repair process; it appears that through the course of this conversation the adviser initiated the repair process on his behalf.

Through the course of HMRC's investigation, they found that on the original application form, Dominic had entered his earnings as 'zero pounds', and he had done the same on the renewal form, despite the fact that he worked full-time. It also transpired that Dominic had worked overtime which he had not reported. He explained that he did not report this to HMRC because he was unaware that this was necessary.

Outcome

HMRC sent Dominic a decision letter, outlining the reason why he had incorrectly claimed for tax credits, and the reason why they had upheld their decision. At this point debt collectors got involved to recover the debt.

Dominic had help from Citizens Advice to negotiate with the debt collectors. They were able to set up repayment plans which would allow Dominic to pay off the debt, and manage his living expenses.

Dominic felt that he would have benefitted from more support from HMRC at the application stage, in order to submit correct details to begin with and potentially avoid the issues that arose. He felt that he did not know how to manage his claim effectively, and did not have confidence knowing what would cause an overpayment so wanted more information and guidance.

Customer circumstances at time of starting repair process

A number of factors can impact on a customer's ability to manage their tax credits claim effectively. These factors include the competing priorities in customers' lives, vulnerability, and having recently moved to the UK.

Customers described having busy lives with competing priorities and often the timings of starting a repair process coincided with a significant period of transition or life event, such as a bereavement. This is perhaps unsurprising given the fact a change of circumstance was often part of the reason why there had been an issue with a customer's tax credits claim which ultimately led to a repair process. Changes of circumstances reported to HMRC included a change in employment, such as a reduction in hours or

⁴ All names used in case studies have been changed to protect the identities of participants.

becoming unemployed; a change in living situation, such as moving house or a relationship breakdown; and caring responsibilities, such as having a child and caring for elderly relatives. As these changes tended to be significant and often stressful in themselves, this impacted both on how customers managed their claim at the time, and how they experienced the repair process.

Some customers noted that their issue began with them not checking their renewal form or claim as thoroughly as they would have ordinarily done, because they were under stress at the time. It also had a detrimental effect on the overall experience, as customers typically found the repair process emotionally draining and stressful to go through. They felt that it was a long and time-consuming process and could feel that they were being dealt with punitively for what they perceived as small mistakes. The stress of dealing with the repair process was also felt to make it more difficult for them to deal with other issues, and in some cases had exacerbated their situation. For example, in cases where customers tax credits payments had stopped this caused them to accrue debts, struggle to repay their mortgage or their childcare. One customer explained that they had their tax credits award payments diverted to repay a debt from an overpayment, they found that they struggled to make ends meet as a result of the loss of the tax credits overpayments.

"I became very stressed about the situation because they said it'd been going 'til [date], and I don't have £6,000 lying around in my bank account...I free-falled (sic), I had to take my child out of nursery because I couldn't afford to pay and then had to leave my work to look after my children."

Complaint, Stage two, Decision overturned

There were examples of customers being vulnerable, either due to a disability or because they were undergoing a traumatic situation, such as bereavement, or leaving an abusive or violent relationship. For example, one customer had to move home because her husband had been accused of abusing her children. She did not thoroughly check her claim at the time she submitted it as a result of the stress she experienced because of her situation; there was a mistake on it (the number and age of children on the claim) which meant that she was being paid a smaller amount than she should have received. In this case, the customer felt they should have been given greater leniency in light of their personal circumstances.

"I rang HMRC and broke down in tears...he said you can write in again but it would have to be exceptional circumstances... He said unless you were in bed, in hospital, it doesn't."

Dispute, Stage two, Decision overturned

Some customers were struggling to manage their claim due to their disability, such as mental health issues or other conditions. Although not explored fully in this study, there were clear examples of individuals with learning disabilities finding it hard to engage with the tax credits system. They were not receiving additional support and this seemed to have led to issues with their claim.

Promoting the use of appointees to assist customers who require support with the application form and management of their claim may help to improve their experience of claiming tax credits and stop issues such as this occurring, which can lead to customers raising repairs.

One customer had tried to cancel her claim but had still received an overpayment which she found frustrating.

"I don't have a big understanding of it... but I received a pack and if I wanted to renew it I had to send it back, but I didn't want to renew it because my wage had gone up... so I called them to let them know to cancel it... why would they send me that money and then I have to pay it back?"

Complaint, Stage one, Decision upheld

Summary

- Awareness of the repairs process was low, with few customers understanding that they were undergoing a formal process.
- Customers were unaware of the timescales involved in a repair process, the requirement to provide evidence, what this evidence would be, or that they might be passed on to a debt collection agency.
- Customers who had experiences of other (non HMRC) complaints processes from other areas, understood that they needed to record everything that happened to refer back to and help them manage the process.
- Customers who were in difficult circumstances at the time, or were in some way vulnerable, struggled to manage their claim and the repair process effectively.

Key opportunities

- Customers' knowledge of how tax credits work tended to be poor, which could often play a part in the development of problems and, in turn, the raising of repairs. Educating customers, and in particular explaining that overpayments can still happen even when a customer reports a change promptly on the day of the change happening, may reduce certain types of repair being raised. Also providing guidance about the impact of a change of circumstances on the award amount.
- Changes to the correspondence that customers receive could also help to clarify the type of repair product customers are pursuing. Including a heading such as 'complaint reply – tier 1' or 'mandatory reconsideration reply' would help by stating the type of repair product and the stage of the process as well.

- For customers who are vulnerable and require additional help, promoting the use of an appointee and directing customers to the relevant section of the application form will improve their experience of applying for and managing their tax credits claim. This could also result in fewer errors being made when managing the claim, which can result in customers raising repairs.

HMRC Response

- In April 2016 HMRC updated the tax credit changes in circumstances GOV.UK page to encourage prompt reporting of changes in circumstances and better explain that reporting changes sooner will only reduce the amount of overpayments and not remove them. Furthermore, in June 2016, HMRC updated the tax credits pages of the GOV.UK website, providing further guidance and clarification of the different repair products and the likelihood of a successful outcome. This will help to set customer expectations of how long it will take and whether they will be required to submit any evidence. Additionally, providing information about the repair products and describing what each involves through the helpline would also improve customer's experience of the repair process.
- In August 2016, HMRC introduced online 'iforms' for disputes and mandatory reconsiderations customers, which allow them to manage their repair online. With this facility, customers can easily and quickly check the status of the repair, rather than having to contact the helpline or relying on correspondence. HMRC are also exploring email communication for quicker responses to customer queries, and guidance around the most appropriate form of communication (telephone, letter or email), depending on the customer's issue. Based on customer feedback they have since introduced further improvements including customers being able to attach photos or scans of their documents / evidence to support their mandatory reconsideration.

3 Triggers of the repair process

This chapter explores the reasons underpinning customers' motivations to raise a repair product. Common triggers were identified across the different repair products, however, where triggers are more specifically linked to a complaint, a dispute or a mandatory reconsideration, these differences are noted.

The nature of triggers

As outlined in the previous chapter, customers did not always make an active decision to pursue the repair process at the outset, rather customers were motivated to get in touch with HMRC about their award as a result of an issue occurring which they wanted to resolve. This tended to be triggered after reading the award letter or notice of overpayment, which prompted customers to contact the helpline to discuss the issue with an adviser. Depending on the issue, customers called the helpline seeking an explanation of why they had been awarded a certain amount or received an overpayment and usually hoped to sort out the problem there and then. In this way, the reason why the issue had occurred with their claim and the trigger of the repair process can often be seen as one and the same.

"It just didn't seem right to me... I called them up to ask them about the amount they were talking about... I wanted it all to be, just to be done with."

Dispute, Stage one, Decision upheld

In cases where the adviser was unable to resolve the issue or was perceived as 'pushing away' or 'mishandling' the query, customers could become frustrated. Customers were keen to 'nip problems in the bud', and they did not understand why advisers were unable to make amendments to their claim or find solutions to issues on the call.

"He said, Oh I can see exactly what you've done... I thought, can't you just rectify this?"

Mandatory reconsideration, Stage two, Decision overturned

Ultimately, these issues would lead to the formalisation of customers' grievances in one of two ways, either they would raise a complaint, dispute or mandatory reconsideration themselves. Alternatively, where customers had low awareness of the repair process, advisers would raise the repair on their behalf, after interpreting their frustration or dissatisfaction.

Importantly, the research also shows that where complaints, disputes and mandatory reconsiderations are consciously made by customers (rather than being instigated by the adviser), they are not usually made as a result of one isolated reason or incident, rather a number of issues leading to a 'tipping point' or trigger where customers decided to take the issue up with HMRC and seek a resolution formally. In one example, a customer received an overpayment which they were unable to dispute as they responded

outside of the three-month reply period. The customer said they had not received the original letter, so was frustrated that HMRC did not consider this. The customer was also unhappy with the way they had been treated throughout the process (in terms of customer service and the volume of correspondence they received) which made it hard to keep on top of the claim. As a result of these different issues the customer decided to raise a complaint:

"It was everything really, the time it all took, the way that they spoke to you...all the letters...I didn't think it was right that I have debt because they don't send me the letter in the first place. I had to complain."

Complaint, Stage one, Decision pending

A range of triggers were identified, which prompted customers to start the repair process, these include:

- Perceived HMRC mistakes and errors;
- Poor or perceived conflicting advice from HMRC;
- Poor or inconsistent customer service;
- Perceived strictness of handling of debt by HMRC;
- Customers misunderstanding of their responsibilities or requirements; and
- Lack of other routes.

Perceived HMRC mistakes and errors

Customers were motivated to trigger a complaint, dispute or mandatory reconsideration in cases where they believed an error or mistake made by HMRC resulted in an overpayment or change to their award. This included customers who completed the renewals form over the telephone or notified HMRC of a change of circumstances, including: changes to working hours and income; changes of household composition and people on the claim; and changes of nursery fees but believed these were improperly or incorrectly recorded by HMRC, leading to errors on their claim. For example, one customer had been working two part-time jobs, but quit one and contacted HMRC to report a change of circumstances. Following this, their award amount dropped more than expected and as a result, the customer believed the adviser had changed their claim details incorrectly, removing the wrong job. The customer said that the adviser reassured them not to worry and to submit a mandatory reconsideration to compensate them for the lost award over the two to three months they had been underpaid. The customer did this, but was frustrated as only received a portion of the award back.

"Well, I'm annoyed to be honest... on the phone, she told me that I'd be able to go for the two, three months' worth of payments that I'd missed...They didn't give it to me, the letter said four weeks."

Mandatory reconsideration, Stage one, Decision upheld

In these types of cases, customers felt strongly that they should not be penalised for what they perceived as a mistake made by HMRC. This desire to resolve the issue or get a decision overturned triggered them to pursue a repair product.

Poor or perceived conflicting advice from HMRC

Customers also used the helpline to raise queries and seek advice and guidance around the management of their tax credit claim. Given the frequency with which customers contacted the helpline and the expectation that the advice provided would be reliable, customers would go on to raise repairs when this advice was perceived to be incorrect or conflicted with that of other advisers – especially where this had resulted in an overpayment or change to their award. Customers who had received an under or overpayment as a result of (what they described as) poor advice or guidance, felt aggrieved and a deep sense of injustice that they were being punished for errors which had been made on the advice of HMRC staff.

"I trusted what he'd said, but it turned out he had no idea what he was talking about...I ended up with a debt of £1,500."

Dispute, Stage two, Decision pending

Customers described receiving poor or conflicting advice in relation to the following areas:

- **Tax credit entitlement** – customers contacted HMRC to seek advice on what they would be entitled to and what would and would not be considered when deciding their award level, such as other benefits claims, support for disabilities, and details of other people living with the customer (i.e. children and partners). This ranged from advice regarding back payments, performance-related bonus payments, and other benefits claimed. In one example, a customer contacted HMRC to enquire about how to record income in the form and believed they had received conflicting advice. The customer made charitable donations of several thousand pounds a year, but was unable to remember how to record this on the renewal form (having previously been told this would be considered in their award). On contacting the helpline they were told to report their entire income before the donation, which ultimately led to an underpayment. Following this, the customer called HMRC and was told they had been given the wrong advice on the first call and that they should have excluded the donation from their reported earnings. As a result, the customer raised a mandatory reconsideration to rectify the claim.

"No one seemed to have any idea what I was talking about... If you offer something, then offer it clearly and make sure your staff understand it, otherwise don't offer it all"

Mandatory reconsideration, Stage one, Decision overturned

- **Timescales** – customers contacted HMRC to check issues relating to timescales, such as how long a change of circumstances would take to be reflected in their award. Customers were generally unclear when changes to their tax credit claim would take effect and believed they had received poor advice when seeking clarification. This meant that the award level was often not in line with customers' expectations, resulting in disputes or mandatory reconsiderations to challenge the discrepancies on their claim. In one example, a customer had been employed as a carer but decided to move into a new self-employed profession. The customer said that she sent in her changes of circumstance, however had to wait three months to receive any tax credits award from HMRC. In this time the customer had acquired debts from borrowing money from friends and family. The customer said that they contacted HMRC to request a back payment, covering the period between submitting the form and receiving the first payment, which they did via a mandatory reconsideration. The customer said that she was only able to secure payments up to four weeks before the first payment.
- **The type of repair product to pursue** – there was some indication of customers being poorly advised regarding which repair product to raise and the timescales involved in doing so, resulting in customers either following an incorrect route (raising a mandatory reconsideration rather than dispute) or timing out and following the only route available to them, such as a complaint. In this way, misinformation can be seen as a trigger for complaints. See section below, on other reasons for triggering complaints. Where this happens, advisers could take more time to establish the nature of the issue and underlying cause of their dissatisfaction. By gathering more information they should be able to provide better advice about the type of repair that the customer needs to raise. Similarly, this also presents the adviser with an opportunity to explain more about the repair process, including timescales (e.g. 30 days available to raise a mandatory reconsideration or 93 days for a dispute) and requirements for submitting evidence to improve the expectations they have of the process.

"When I made the first call the guy on the phone said to me that I had to do mandatory reconsideration in order to get it sorted...it didn't go through, and the person I spoke to said that it wouldn't have done, it was the wrong type of dispute."

Dispute, Stage one, Decision upheld

Case study – Mandatory reconsideration, Stage one, Decision upheld

This case study demonstrates how poor advice and guidance from the helpline can create difficulties for customers, ultimately elongating the repair process.

Context and trigger

Lisa lives with her teenage son, and has claimed child tax credits consistently for a number of years. Due to health conditions she has been in and out of work for the past few years, and has claimed

working tax credits on and off through this period. Lisa is confident in reporting changes of circumstance to HMRC because she has done this frequently for the past few years.

In 2015 Lisa contacted HMRC to inform them she had a new job; on the call the adviser told her she qualified for a 'disability premium'. She requested to have this applied to her claim, which it eventually was, after a 13-week delay.

From December 2015, Lisa was away from work on sick leave for a number of weeks, and eventually left her role entirely in February 2016. It was during this period as she was researching her entitlement that she discovered she should have claimed for the disability premium since 2013. She contacted HMRC to get her award backdated and was sent forms to apply for a mandatory reconsideration.

Repair process

Lisa completed the forms and sent them back to HMRC. She waited a number of weeks but heard nothing from HMRC about her repair. Lisa called HMRC and was informed the decision had been made weeks ago, and that she should not have applied for a mandatory reconsideration as she was contesting a decision made outside of the initial 30-day period.

Outcome

After receiving this information, Lisa then sent a letter to the board of appeal. After waiting a number of weeks again she received a letter from HMRC; the response from the board of appeal stated that Lisa was not entitled to any sort of appeal, until she had been through the mandatory reconsideration process.

Lisa was extremely confused and annoyed at this and called HMRC to say that she had been through the mandatory reconsideration process, so why was she not allowed to appeal the decision. The adviser on the phone explained that it was not a mandatory reconsideration that she needed, but to make a complaint.

Around May 2016, Lisa wrote a letter of complaint to HMRC outlining her frustrations at having been passed around multiple departments at HMRC; receiving wrong advice on multiple occasions; left waiting for outcomes from HMRC; and having to chase HMRC to progress the repair. At the time of interview (August 2016) she was still waiting for an outcome.

Levels of customer service

The way in which customers felt they were treated by HMRC also played a part in customer's decision-making in relation to making a complaint, dispute or mandatory reconsideration – either being the main trigger to raise a complaint or working alongside other issues. In some cases, customers described advisers as 'rude', 'unsympathetic' or 'strict' on the telephone and took issue with their manner. In other cases, they simply felt advisers were not genuinely motivated to resolve their query and instead pushed it away – leading to disappointment and frustration. Certainly, customers described receiving varied levels of customer service, both in attitude as well as inconsistencies in the information provided. Further information on advice and support received during the process is outlined in chapter four.

It's quite frustrating and stressful...you tend to find that what one person says completely contradicts what the next person would say

Mandatory reconsideration, Stage one, Decision upheld

Equally, those who had received letters from HMRC could be upset by the language used. In these instances, dissatisfaction with the service or treatment could overshadow the issues customers initially had with HMRC. Changes to the language used in the repair letter could improve customer experiences of the process, and supplementary telephone calls to explain how the repair is progressing or why a decision has been made may also improve customer attitudes of customer service received.

"The wording of the letter it was just, it's just so annoying. I understand they deal with people who probably try to cheat or whatever, but just assuming that everybody tries to do that, it was so annoying, and I actually told the woman on the telephone that, do you always word your letters like that?"

Complaint, Stage one, Decision upheld

One customer was upset by the communications from HMRC, taking issue with the tone and style of the letters they received. The customer explained that they had given notice of a change of circumstance, so they felt the letter was heavy-handed:

"They come down like a tonne of bricks and get quite aggressive, quite threatening...not once did they accept that they were at fault."

Complaint, Stage two, Decision upheld

The handling of debt repayment

The way in which HMRC handled the recovery of debt from overpayments could upset customers, leading them to raise a complaint. Customers typically found out about debt in a notice letter from HMRC and often customers described being surprised or shocked at this and were concerned about having a debt and how they would repay this. This was particularly acute for customers who had received a 'historic debt' that was over four years old; these customers tended to feel a greater sense of inequity because of the time elapsed. Unlike others who had debts, those with much older debts were less likely to remember where the debt had come from, so felt more strongly that HMRC had acted unfairly, fuelling their desire to complain. By providing customers with more information around the circumstances of the debt, in particular historic debt, and explaining the role that overpayments play in the tax credits system may help to reduce dissatisfaction and the number of disputes raised by customers.

"In the letter...the money [debt] was listed out in the different years...all the way back to 2003...I thought where is all this coming from? I'd never heard of it before"

Complaint, Stage two, Decision pending

As found with other HMRC correspondence, there was a sense that the letter was accusatory and implied that they had done something wrong before they (in their view) had a chance to contest the overpayment. When the issue moved on to mention debt collection agencies (in the notice to pay letter and subsequent correspondence), customers could feel threatened and this could trigger a complaint.

[It was] when they gave me the threats that they were sending me the debt collection agency. And then that's [when I raised the complaint]

Complaint, Stage two, Decision upheld

Across customers who had experience of debt, there was a sense that the nature of their issue and contact with HMRC had changed from being fairly cordial and civil, to a serious matter very quickly. Customers struggled to understand why HMRC would employ debt collectors, before (in their view) the debt had been finalised. One customer was looking to set up a repayment plan for an overpayment. The adviser was not able to action this for the customer on the initial call. Shortly afterwards, the customer was contacted by a debt collector looking to recover the debt. The customer was shocked that they would be passed on to a debt collector so soon; they believed that they were in the process of arranging a repayment schedule, and felt HMRC had acted unreasonably by engaging the debt collector.

"That's the thing, each time [HMRC] wrote to me, I kept on saying, 'can I confirm the amount that I owe?' ... I wasn't denying that, we accepted that I owed them the money, and I proposed to them that I would pay it back. But of course they didn't acknowledge that."

Dispute, Stage one, Decision upheld

Misunderstanding of responsibilities or requirements

As highlighted in chapter two, customers often found the process of claiming tax credits complex and could be unsure about what their responsibilities or requirements were in relation to managing their claim. Specifically, there were knowledge gaps among customers around what changes to report and when to report them, which resulted in what customers described as 'honest' errors or overpayments on their claim. Customers who were new to the tax credits system (which was the case for a number of the respondents in this study), were often unfamiliar with the requirement to update their circumstances in a timely manner for example and were unclear of the consequences of not doing so.

Customers who had only recently started claiming tax credits tended to assume that updating HMRC with correct income information at the time would result in an immediate adjustment to their claim. Customers struggled to understand why this could not be resolved there and then and questioned why they still received an overpayment, prompting them to trigger a dispute or mandatory reconsideration.

For example, one customer completed a claim renewal form; but after posting it realised they had made an error on the form, entering incorrect income details. They were keen to resolve this issue before the details were entered into the system and the award was generated, so they called the helpline to attempt to update the information over the telephone. The adviser explained that they would need to go through the formal process in order to change the details on their claim, which caused much annoyance to the customer.

"It was because when we had put in the original claim that, for the earnings, they'd got the decimal in the wrong place... so that caused the problem... I called to try and sort it all out... and they just said, you've got to put a form in... I just wanted to get it sorted there and then"

Dispute, Stage one, Decision pending

There were several examples of customers not providing details of a change of circumstances as they incorrectly assumed that HMRC would have access to information from wider government data such as, income levels, change of employment, change in child's age (i.e. reaching school age, or school-leaving age) or a change to the nursery they attended. Customers who wanted to end their tax credits claim also overlooked the renewals process; assuming that by not completing the form HMRC would interpret this as their intention to stop the claim and triangulate this with existing government data. These customers did not understand that they would still be required to complete the renewal form; it was not until they had received the outcome of their dispute that they understood where the overpayment occurred.

I never claimed before, that was my first time and I thought if I leave the job I was thinking that the HMRC will tell, connect with each other in the sense I've got my P45 and left the work, so I thought they already know. I didn't know I needed to call to tell them... I thought they were all connected"

Dispute, Stage two, Decision pending

Knowledge gaps also arose amongst customers who had recently changed their circumstances and who had not understood the corresponding changes in their responsibilities – even in cases where they were long-standing tax credit customers. One self-employed customer who changed their employment, believed that they would need an accountant to sign off the paperwork involved in setting up their own business for example. This caused key deadlines to be missed, resulting in discrepancies in the award level which the customer sought to challenge. A former joint tax credit customer encountered similar challenges arising from a lack of knowledge. In this case, the customer neglected to open and deal with overpayment letters that were jointly addressed to them and their ex-partner as they had been under the impression that they had been sent in error.

Across these cases, customers decided to challenge the under or overpayment received because they did not feel that they had actively or purposefully made an error. Rather, they felt that their lack of experience in claiming tax credits was reasonable justification to raise a repair with HMRC. For some, this was related to the sense that they did not feel that HMRC had informed them of their responsibilities,

and so would blame HMRC for ultimately causing the issues they encountered. Customers require more information and guidance about their responsibilities whilst claiming tax credits, to enable them to better manage their claim. Customers make contact with HMRC on multiple occasions when claiming tax credits, these could be opportunities to inform and educate them of what they need to do to avoid issues arising with their claim.

Lack of other route options

Complaints were also raised where customers felt they had no other options to continue to pursue a previous repair product, for example, when other repairs have been exhausted or were now closed to them⁵. A customer explained that they had received an overpayment from HMRC due to an error made with the recording of a change of circumstances. They went through the disputes process as normal, however, HMRC upheld their original decision and the customer was still liable to pay the overpayment. The customer was not happy about this, so decided to challenge HMRC again, this time going through the complaint process as the only option available to voice their dissatisfaction.

I made a formal complaint... Why would I phone and put myself in a position to say that I had quit work?

Complaint, Stage 2, Decision overturned

In another case, a customer had been awarded less than expected because of an error on the application form. They contacted HMRC to try and resolve the problem, and the adviser explained they would need to submit a mandatory reconsideration. The customer then proceeded to submit a total of four mandatory reconsideration forms to start the process. Three of the mandatory reconsiderations were lost or completed incorrectly, so by the time they submitted the final one they had run over the 30-day period available to ask HMRC to reconsider his award.

"In total I think I had to put in four mandatory reconsiderations... by that point I had just had enough and I put the complaint in"

Complaint, Stage 1, Decision upheld

Case study – Dispute, Stage one, Decision upheld

This case study demonstrates how simple inaccuracies in the claim information can cause significant issues later on, leading customers to raise a repair.

Context and trigger

Harold is a full-time driver and has claimed working tax credits for a number of years. He recently remarried and now has a joint claim with his wife. He submitted his renewal form in April 2015, believing he had entered his usual details as his earnings and claim information had remained stable.

⁵ This occurs when final decisions have been made about mandatory reconsiderations and disputes and there was no option to appeal this further.

Later in the year, he received a letter from HMRC saying he had been overpaid, and he owed around £3,000. The letter provided details entered in the renewal form, and HMRC's calculations for the award amount. On reading this, Harold believed that HMRC had entered his figures wrong, moving a decimal point changing the amount he claimed he earned.

Harold rang HMRC to query this and to explain the error, he said the adviser was understanding and told him to write a letter to outline the problem, which he did.

A number of weeks later, he received another letter from HMRC, urging him to start repaying the debt. This confused Harold, as he was expecting correspondence to acknowledge the progress of his repair.

Repair process

He called HMRC and said he had submitted a letter about the overpayment and understood that this needed to be sorted before he should start repaying the debt. The adviser looked through the system but saw no record of the letter being received. Harold suspected that the letter had been lost in the sorting room. The adviser he was speaking to this time was much less understanding of his situation and told him he had to arrange to pay back the debt he had accrued.

Harold was unhappy with this outcome; he was advised that he could take this up with HMRC more formally by raising a dispute, which he decided to do.

Outcome

A number of weeks later, Harold received a letter from HMRC explaining the evidence had been reviewed and that he had to pay the overpayment. He discussed the situation with his wife and decided that it wasn't worth fighting; Harold set up a repayment plan with HMRC.

A couple of weeks after this, Harold received a letter from a debt collection agency instructing him to start paying back the money. This confused and worried Harold; he thought that he had started repaying the debt. He called HMRC to query this and after looking into the situation, they discovered that an historic account Harold had with his ex-wife also had debt associated with it, and the repayments he was making were servicing that debt, not the current one.

Harold felt conflicted; he is continuing to repay the debt as he recognises that he is not entitled to the money. However, he also wanted to contest the outcome as he believed the original error was not his. He is still deciding whether he will get back in touch with HMRC to contest the debt.

Summary

- Triggering repair products tended to be underpinned by a desire to rectify an issue such as an under or overpayment, or to make HMRC aware of poor treatment received.
- Customers could experience multiple problems beyond the initial issue, including errors made by HMRC, the loss of key documents, or poor customer service ultimately triggering the repair. This build-up of issues exacerbated the situation, leading to a tipping point, where customers wanted to pursue the repair process. This was particularly the case for complaints.

- Customers tended to start the repair process by calling the helpline to query an overpayment, the award amount or to discuss something in relation to their claim. During this call the advisers tended to raise the repair on the customer's behalf.
- Underlying reasons of problems which led to repairs could be grouped into a number of broad types:
 - Perceived HMRC mistakes and errors; including HMRC recording changes of circumstances incorrectly;
 - Poor or conflicting advice from HMRC; such as directing customers to the wrong repair product, which elongated the repair process; or incorrect information given about their claim either creating an overpayment or not receiving enough tax credits;
 - Levels of customer service; where customers had felt that advisers had been rude or unhelpful;
 - The handling of debt; this was a sensitive issue for customers and HMRC were seen as aggressive in pursuing the debt, and contact from debt collectors often came as a shock to customers;
 - Customers misunderstanding of their responsibilities or requirement; in particular, this was related to the need to declare a change of circumstance, and to inform HMRC of a desire to close a tax credit claim; and
 - Lack of other options; complaints could be raised where customers had no further options for recourse with other repair products, such as when mandatory reconsiderations had timed out.

Key opportunities

- Providing advisers with more information about the repair process would allow them to give better guidance to customers. Allowing advisers to pass customers on to specialised teams that deal with complaints, disputes or mandatory reconsiderations may be a more effective use of staff time, and improve customer satisfaction.
- Where conflicting advice is given by advisers, there is a need to address the knowledge gap to ensure that guidance provided is factually correct. If staff are not able to deal with a query, they should be encouraged to look for information to deal with issues effectively, or transfer customers to other advisers.
- Advisers should also be permitted to take time to establish the cause of customer issues, to provide the best advice at the first time of asking. Advisers should give more information about the repair process, but in circumstances where a customer will be unlikely to overturn a decision,

provide the reasons why it is not advisable for them to pursue a complaint, dispute or mandatory reconsideration.

- In instances where customers have debt from an overpayment, providing them with more information around the circumstances that led to overpayment, and explaining the role that overpayments play in the tax credits system could reduce dissatisfaction and the number of disputes raised by customers. This would be particularly helpful for those who have historic debts where the original reasons why the overpayment occurred may not be known.
- Customers could be given more information and guidance about tax credits, to help them manage their tax credits affairs. This information could be provided when customers initially make a claim or renewal, or at any point they make contact with HMRC to manage their claim.
- In cases where customers wanted to make changes to their details, soon after noticing an error, they should be made aware that they are able to use the tax credits digital service to update their details. The digital service is available for current year changes. If the error is made at the renewal stage, then there is a different process to follow. It is important to explain to customers why advisers are not able to simply make these changes.

4 Experience of the repair process

This chapter looks into the experiences of tax credits customers as they move through the repair process. It includes details of how customers start the repair process, how customers interpret the response letter and decision-making in relation to escalation of the complaint, dispute or mandatory reconsideration.

The vast majority of customers are able to successfully apply for and receive tax credits without issue. Within the total population of tax credits customers, only a small proportion have raised either a complaint, dispute or mandatory reconsideration. In the last financial year (2015/16) 95,961 tax credits customers raised a dispute; 23,410 raised a complaint; and 83,349 raised a mandatory reconsideration. Combined, this represents under three percent of the entire tax credits population, suggesting that the tax credits system is working well in most cases. Further to this, the latest data shows that 35% of complaints, 53% of mandatory reconsiderations and less than 8% of disputes raised were decided in the customers' favour. These statistics point to the fact that in the majority of cases, HMRC is administering tax credits correctly.

Starting the repair process

The helpline was generally the first port of call for raising issues and the adviser was often instrumental in starting the repair process – either advising the customer or initiating it on their behalf.

However, there were some examples of customers who actively sought to engage in a more formal way. This tended to be where customers had a greater awareness or previous experience of complaints, disputes or mandatory reconsiderations or had sought information on the process.

"I've had a complaint, a mandatory reconsideration and a dispute before so I knew that I needed to ask for one of them...I think there are forms to fill in as well."

Mandatory reconsideration, Stage two, Decision upheld

Customers with a greater understanding, who had actively pursued a formal process, still demonstrated a lack of understanding on the specific details (such as customers being unable to differentiate between the different repair products). With this in mind, customers wanting to start a repair still relied on HMRC staff to help and guide them in the process and there were examples of advisers being helpful in this regard (although inconsistencies were noted). In one example, a customer who had previously raised a dispute for an overpayment in the past wanted to do the same again. However, their grievance related to the amount they had been awarded due to an error on their renewal form, resulting in a smaller award than expected. In this instance, the adviser was able to use their understanding of the repair products to initiate the appropriate product: a mandatory reconsideration.

"I asked for a dispute, I was sure it was called a dispute, but they said that I needed to go for the mandatory reconsideration... I thought they were all the same thing."

Mandatory reconsideration, Stage two, Decision upheld

Some customers had started the repair process by writing letters to HMRC. Among the different repair groups, customers who made a complaint had done this more frequently than those who raised disputes or mandatory reconsiderations. Customers wanted to start the repair process in this way because they felt more comfortable communicating with HMRC in writing, and felt that it would help their case administratively if there was a 'paper trail', rather than having to rely on conversations with the helpline. This was often the case where customers had previously poor experiences of the helpline.

"We are quite experienced in complaining, in formal complaints – my husband and I – because we have had many issues with private companies and organisations.... I knew that usually if you want something to be changed in an organisation you have to put it in writing, you need to use the old school methods of using postal mail. That's the only way they would look seriously at you. If you do it on the phone it will get lost".

Complaint, Stage two, Decision pending

There were, however, examples of difficulties noted with written correspondence – particularly with correspondence going missing. One customer explained that in attempting to start the repair, they had called HMRC to inform them that they were going to submit a letter outlining their grievance. After posting the letter to HMRC, the customer did not hear from HMRC to acknowledge receipt of the letter. The customer believed that HMRC had lost the letter after receiving it, which caused considerable annoyance and delayed the start of the repair process. There were several examples of customers believing written correspondence had gone missing.

Customers who applied for a mandatory reconsideration tended to initiate the process through a telephone call to the helpline to discuss a query, or look for clarification relating to their award. During this call, customers were often informed by the helpline staff to formally raise the repair by submitting a WTC/AP form to HMRC.

"I called them up as I wanted to know what was going on... they said to me that I need to go online and get a form from the website... you have to put all the details of your claim in... and then you just post it off."

Mandatory reconsideration, Stage one, Decision upheld

Experience and response to the repair process

Customers experiences of the repair process tended to be complex and non-linear. Customers often struggled to piece events together into a coherent story, reflecting the difficulties they had managing the process administratively and emotionally.

HMRC communicated with customers through a mix of letters and telephone calls; customers commented that they received a lot of correspondence during the process. Those who had a mandatory reconsideration felt they received many letters, which could be overwhelming. During the interview customers were keen to show the amount and type of correspondence received to demonstrate their account of what happened, however, they could often end up feeling 'lost in a pile of letters', unable to differentiate between them all. Customers also expressed frustration at having received letters following phone calls, this was perceived to be an easy response from HMRC, but was not necessarily thought to help customers to progress their issue.

"The endless letters all the time...look here, I must have had at least dozen letters from them...every time you speak to them on the phone they just send you another form...you just want them to listen to what happened."

Dispute, Stage two, Decision pending

The use of the helpline presented some challenges for customers. Initially calling the helpline was found to be frustrating because of the length of time customers waited to speak to an adviser – meaning customers would become more emotionally stressed and 'wound up' during this waiting time. This sometimes led to customers terminating their call before they got through to an adviser.

"You ring, ring, ring and then you have to wait in your line and every one or two minutes they say, your call is important, blah, blah, blah. But nobody picks up the phone so I got frustrated a few times. I think I hang up. But I like, almost hours you know. So you can't, you know, I got things to do so I can't just hang on the phone all the time."

Complaint, Stage one, Decision upheld

HMRC has introduced a webchat function from its GOV.UK tax credits general enquiries webpage to respond to customers' enquiries online as an additional option for customers who do not want to call the helpline. In the future, this channel could be promoted for queries about complaints, disputes or mandatory reconsiderations, although for those customers who choose to submit a repair 'iform' online they are able to track the progress of them in their personal tax accounts.

Customers wanted to be able to get in touch with HMRC more readily, and asked whether it was possible to set up a dedicated telephone number specifically for the management of complaints, disputes and mandatory reconsiderations. Further integration of the adviser team and dedicated staff working specifically on disputes, complaints or mandatory reconsiderations, with particularly complex issues being escalated to the specialist teams more quickly may help to resolve these sooner, improve customers' satisfaction with the service provided.

Customers were wary of telephone contact, as it could result in 'my word against theirs' in cases where things had gone wrong. It was thought helpline staff should take more consistent notes and save them on an electronic file to ensure a record was kept to be referred to or used on future calls. Customers said it was tiresome having to go over the details of their claim each time they contacted the helpline, especially those with longer or more complicated journeys. It was believed that detailed notes would be a very useful resource for both customers and advisers, keeping both sides up-to-date with the development of the repair.

"Calling up can be a pain, having to go through the claim again and again every time. They need to take notes, or they need to start reading them properly."

Mandatory reconsideration, Stage one, Decision upheld

The length of time that the repair process took also influenced customers' attitudes. Complaints and mandatory reconsiderations could take up to eight months, depending on the complexity of the case, the requirement to submit evidence, and the level of escalation. For disputes, this could be considerably longer, with the customers describing a process lasting up to 18 months. Customers explained that throughout this period they were often unaware how long the process would or should take, and were often reliant on calls to the helpline to get progress updates on the status of the repair. Customers were frustrated by advisers giving poor advice around the timescales involved, and the long waits between significant activity on the repair. One customer described the anxiety they experienced during their dispute with HMRC, explaining that they ended up signed off work with stress after a number of months. Others said they would rather choose not to claim tax credits again as a result.

"But I don't feel that Tax Credits at all were helpful, they were more stress and at some points I just wanted to tell them to keep their ----- money and get out of my life because it was the hell they put me through in the last nearly a year now has just been awful"

Dispute, Stage two, Decision upheld

In particular, where the process had been elongated unnecessarily, through errors or mishandling of the situation, customers felt more frustration. Customers mentioned the loss of letters or evidence by HMRC and poor advice could add delays to the progress of the repair. In one case a customer had initially been advised by HMRC staff to raise a mandatory reconsideration, despite having an overpayment. The customer submitted the form, but the mandatory reconsideration was rejected so the customer contacted the helpline again to query this. A second adviser explained that actually needed to raise a dispute. The customer was irritated by the fact that she had wasted time and effort pursuing a pointless task.

"It's just makes you very annoyed that they tell you to do this mandatory reconsideration or whatever it's called, and then the next thing they say is it's not the right one...just surprising that they do that."

Dispute, Stage two, Decision overturned

Given the volume of calls and correspondence between customers and HMRC, there appear to be missed opportunities for HMRC to stop the development of issues at the outset. Moreover, rather than making the process as quick and smooth as possible, there are clear examples where HMRC staff are seen to have exacerbated the situation and elongated the process, driving customers to escalate their repair.

Case study – Complaint, Stage two, Decision overturned

This case study demonstrates how simple errors from the helpline can elongate the process unnecessarily, which can have a knock on effect, causing customers to want to escalate their repair.

Context and trigger

Caroline lives with her husband and two children and has claimed tax credits since she moved to the UK two years ago. In August last year her husband stopped working, they contacted HMRC to inform them of the change of circumstances on telephone. There was a misunderstanding as his boss issued the p45 two weeks early by mistake, but her husband was working during that period.

They called HMRC and explained the situation; the adviser said they amended this on the system. Caroline explicitly asked whether the August tax credits payment would be made, and she was assured that everything would be sorted.

Caroline did not receive the August payment – she called HMRC and they told her that she was given the wrong information by the adviser. They had already stopped the claim, so Caroline actually had to apply for a mandatory reconsideration.

Repair process

Caroline and her husband made a complaint about the service they received in September 2015. Their complaint was more concerned with the continued issues they had received, rather than the fact that they had missed out on two weeks of tax credits money. Caroline also said that she and her husband had to prove they called HMRC by showing private phone bills, although all calls to the helpline are recorded.

They waited on a response to this complaint for a number of months - they called to find out how long a response would take and they were told 35 days. They waited for a number of weeks again, called back and were told two months from that point.

They received the written response to the complaint at the end of January 2016, after numerous phone calls. It acknowledged that there was a call placed on the 4th August and that Caroline informed HMRC of the change of circumstances. HMRC acknowledged the adviser made a mistake and they were wrong to say that she would still get her money in August. They also acknowledged that they

were very slow in responding to the complaint. But HMRC did not respond to all the points that Caroline raised with them, regarding the consistency of service and the lack of contact from them. They replied to the letter and said they were not happy with this outcome. They were expecting at least the value of the missed payment from August. If HMRC had apologised last year that would have been fine, but because Caroline was left waiting she viewed this as unacceptable.

Outcome

Caroline wrote back to HMRC to say this was an unsatisfactory outcome. Within a few weeks a HMRC manager called her. The final resolution was that HMRC offered £50 as compensation for their troubles and £10 for their cost of calls (this was seen as unsatisfactory as they believed they had spent “probably 24 hours” on the phone).

For customers who raised mandatory reconsiderations, there was often a requirement to submit evidence to support their repair. This could be a time-consuming process and customers could find this hard to do. There were examples of delays gathering the information required and examples of customers being asked for different evidence by different staff, highlighting further inconsistencies – which resulted in mandatory reconsiderations timing out. Moreover, customers did not necessarily understand why they were collecting the evidence for HMRC, as they believed that HMRC had access to any data held about them. For some there was a sense that they were doing HMRC’s job for them.

“So I had to compile all the evidence, on a number, I think twice I had to do it...but surely they would have this anyway, so it seems a bit strange for me to have to be doing this.”

Mandatory reconsideration, Stage one, Decision overturned

Since customers took part in this research, HMRC has introduced an online mandatory reconsideration ‘iform’ that enables customers to attach photos or scanned images of evidence at the point of submission of the ‘iform’.

Advice and guidance

Evidence shows that, despite having a lack of understanding of these processes, customers did not seek advice and guidance during the repair process beyond contacting the helpline staff. In part, this reflects their lack of awareness of being on a formal process, but it also shows a preference for using the helpline for guidance as a result of familiarity or because they lacked confidence looking for information in other places, particularly online.

“I usually call them because it’s just easier than trying to look on the website or anything like that... nice to be able to speak to a person.”

Complaint, Stage two, Decision upheld

Since customers took part in this research, HMRC has revised the guidance around complaints, disputes and mandatory reconsiderations on GOV.UK. The pages now provide a better description of what each type of repair involves and the circumstances in which each one should be raised. There is the potential to promote the webpages to customers, explaining what they can find on the website and how they can manage their repair online, whilst customers are on hold, waiting to speak to and adviser. HMRC have also launched a webchat facility as an alternative to the helpline, again, encouraging customers to access this to discuss their repair can help to reduce the amount of time advisers spend dealing with simple queries.

Beyond this, customers had consulted websites, turned to advice organisations or talked to friends and family, but this was much less common. Among the customers who had gone to GOV.UK looking for information relating to the repair process, attitudes towards the website varied. One customer mentioned that it had helped them start a complaint by outlining what information they needed to include in a letter to send to HMRC in order to initiate the process. Another noted locating a policy documents which helpfully described the tax credits system and the process for making a complaint, dispute or mandatory reconsideration.

"I don't know how you describe what it was, it was like a policy document...really helpful, it just explained how the tax credits works, and what you need to do, how to actually make the complaint or dispute or whatever."

Dispute, Stage one, Decision upheld

In other cases, GOV.UK was criticised for being hard to navigate and lacking detailed information. Ultimately, the difficulties that customers faced using GOV.UK led them to turn to the helpline to seek the advice or guidance they wanted.

"And sometimes you're clicking through pages and it's giving you a billion options and you just get to the point where you just, you want to phone anyway because it's too much."

Complaint, Stage two, Decision overturned

Third party websites were also accessed; customers tended to find them by entering a query relating to their tax credit claim into a search engine, and go to suggested sites from there. When asked, customers had a poor recollection of which websites they had visited, perhaps reflecting the way in which they searched for and accessed them. As with GOV.UK customers tended not find third party websites particularly helpful in managing the repair process, although there was limited evidence of websites being used for information (e.g. how to write letters and what to include). Customers who had accessed third party websites reported visiting forums where others shared their experience of issues such as

overpayments or repair processes, this tended to give them a sense of solidarity with customers in similar situations – in some case emboldening them to continue with their journey.

"You see what others are going through and that make you feel a bit better. Like, they kept going so I can do it too."

Dispute, Stage two, Decision upheld

Outside of contact with HMRC, customers also sought advice and support for their repair with third party organisations. Customers explained that they contacted CAB for help with composing letters to HMRC. The extent of support received by customers varied; in some cases they were told what information they needed to include in the letter and went on to write the letter themselves. For other customers who needed more assistance (for example those who did not speak English as a first language, or who were less able to manage the repair process), CAB had written and submitted letters on behalf of the customer.

"Citizens Advice, they've really helped a lot with it... they'll write letters and they'll get back to them."

Complaint, Stage two, Decision overturned

Beyond this, those who had initially received guidance and support from CAB sometimes turned to them throughout the repair process. Customers mentioned CAB being particularly helpful at the point of escalation. Informing customers about the option to escalate and helping them to submit additional evidence. There were examples of CAB taking greater ownership of the entire repair process for the customer: In one case a customer went to CAB to ask for help with their overpayment as they had recently moved to the country and lacked knowledge. On visiting CAB, the adviser provided a lot of advice and support; wrote letters for the customer (as their level of English was not great); read correspondence, devised responses and consulted a specialist legal team for their opinion on the case.

Other than CAB, there was limited evidence of customers receiving support from other sources, such as local MPs and legal professionals. Customers contacted MPs where they had struggled to overturn a decision and looked outside of the normal routes to progress their repair. MPs were said to have engaged with customers and corresponded with HMRC, in an attempt to reach a satisfactory resolution for the customer. Despite the MPs attempts to influence the outcome of a repair, no customers who had contacted their MP for assistance had been successful at the point of interview. Finally, legal aid had been accessed by one customer to attempt to overturn the outcome of a dispute. The customer had initially contacted the CAB to help with their case, which they duly took on. The CAB was unsuccessful in trying to overturn the decision, so they put the customers in contact with a law firm, who agreed to take on the case. At the time of interview, a decision was still pending, however the customer was hopeful that the lawyer's involvement would lead to a positive outcome.

"Yeah, after the appeal she said they don't have no other authority to deal with stuff in this sector, maybe the lawyer will help you, so they directed us to this lady."

Dispute, Stage two, Decision pending

HMRC are in the process of designing additional digital customer support tools, in the format of animated videos, focussing on improving customer understanding of how tax credits work, how customers can reduce overpayments by reporting changes promptly and the importance of customers renewing promptly. They will also focus on the responsibilities both customers and HMRC have to reduce customer dissatisfaction by giving customers the relevant information to be able to challenge HMRC on the occasions where they have not provided a satisfactory level of service.

The response letter

The response letter outlined whether HMRC would uphold their original decision or overturn it, and the reasons behind this decision. The letter tended to cause some difficulties with customers as its purpose was not always recognised or fully understood. As part of the interview, customers were shown an example decision letter, although they recognised the format in some cases, this was often seen as 'just another HMRC letter' and customers did not always acknowledge the significance of its message.

There were cases of customers who recalled receiving and reading the letter but who still struggled to understand how decisions had been made. Where this had occurred, customers generally queried the outcome of the letter via the helpline, feeling that they had not received an adequate explanation of how HMRC reached a decision.

"Well, it was going on about all this about how they considered all the evidence, but they can't have because they didn't say why it all happened. I wouldn't have been in this mess in if they'd got it [recording change of circumstances] right in the first place."

Dispute, Stage two, Decision overturned

Importantly, there were customers who felt that the underlying issues (and those deemed important to them) had not been addressed by HMRC, regardless of the outcome of the decision letter. This tended to be the case when customers felt that HMRC fault or error played a part in generating a complaint, dispute or mandatory reconsideration. In these instances, customers were inclined to contact the helpline to discuss the repair, hoping to get more information about how the decision was made. At this point, customers felt that if helpline staff had been able to discuss the outcome of their letter in greater detail, and explain the reasons behind the decision in their specific case, this would have led to greater levels of satisfaction in the process. Outcomes are discussed in more detail in chapter five.

Escalation of repair products

If customers are unhappy with the outcome of the decision made by HMRC as part of the complaint, dispute or mandatory reconsideration process, they can escalate this. Escalation routes differ according to the type of repair:

- **Complaints:** after the first tier complaint, customers can escalate to tier two, which involves a second internal review of the complaint by another officer. If the customer is still unhappy they can escalate to tier three which would involve a review by the Adjudicator's Office.
- **Disputes:** if the customer disagrees with the first review of their overpayment, they can ask for a second internal review (tier two); there is no tier three.
- **Mandatory reconsiderations:** where the customer disagrees with the first review, customers can escalate to tier two, and request that their evidence be reconsidered and reviewed by a tribunal. If the customer still disagrees, they can escalate to a higher tribunal (tier three).

Ultimately, where customers disagreed with the decision letter, they usually wanted to pursue their complaint, dispute or mandatory reconsideration further. As with starting a repair, customers were often unaware they had triggered a formal escalation and that they had moved onto a second or third tier of the process, for example to be reviewed by HMRC or referred to the Adjudicator's Office or tribunal. Rather, customers felt they were continuing to sort out the issue or problem they had, such as looking for explanations for decision outcomes, having their debt removed or their award amended. Importantly, in many cases customers continued with the process because regardless of what had happened or how it had occurred, they were looking for an apology or some form of recognition of what had occurred.

There were examples of customers being informed by a third party, such as CAB, that they could escalate the process if they were unhappy with the outcome. This was usually the case where the customer had been in contact with the third party during the repair process.

"The Citizens Advice were really good, they actually helped me a lot...I don't know what was going on after I had the letter so I went to them and they said that I can argue this, I can get them to overturn it."

Dispute, Stage two, Decision overturned

Where customers had escalated their claim to the tribunal or Adjudicator's Office, they initially expressed optimism, feeling that the independent nature of these bodies might give them a better chance of reaching the positive conclusion they were hoping for. For some, this represented the culmination of many months of calls and correspondence to HMRC, and there was a palpable sense of tension; one customer explained that they felt too nervous to attend the hearing in person.

"I'd worked myself up by this point, and I just, I wasn't able to go...I just had this feeling and didn't want to deal with that in the court."

Dispute, Stage two, Decision upheld

Elsewhere, customers were sceptical that decisions made by the tribunal would truly be objective, and that an underlying bias towards HMRC may impact on the outcomes of these reviews, although this did not necessarily deter customers from escalating to this stage.

"But I thought, because of the civil service spin, I thought it was their word against mine, kind of thing. And I thought, no, you're going to, so I know sometimes even when you take it to the tribunal, sometimes the tribunal's slightly in the Government's favour or in the Government's, government department's favour."

Complaint, Stage two, Decision upheld

Reasons for escalation

Customers noted a range of reasons for deciding to escalate their repair product (and often multiple reasons were highlighted). Reasons included:

- **A belief that they had done nothing wrong** – where customers felt confident they had acted appropriately, followed the rules and done the 'right thing' leading up to and during the complaint, dispute or mandatory reconsideration, they felt justified in pursuing this to the next level. One customer explained that they had informed HMRC of a change to their working hours, moving from full time to part time work. The change apparently had not been noted, which resulted in an overpayment. The customer entered into dispute with HMRC and after the first review the decision was upheld; they continued their dispute as they felt that they had managed their claim correctly.

"I was, I suppose I was disappointed, was a bit frustrated because I didn't, I hadn't done anything wrong"

Dispute, Stage two, Decision upheld

- **To gain additional information** – customers often pursued the repair process in order to better understand how decisions were made and how HMRC reached an outcome. In particular, they were keen to understand the specific factors of their case and how HMRC made a decision in this situation. Generic information was not viewed positively. There was a sense among customers that the explanations and language used in decision letters and by helpline staff was too general, so they looked for this additional information by escalating the repair, regardless of the final outcome.
- **Introduction of debt collection agencies** – the involvement or threat of involvement of debt collection agencies not only worked to trigger a repair product (as outlined in chapter three), but concern about their future involvement can also be seen to spur customers to escalate further in an attempt to avoid this. One customer said that soon after receiving the decision letter, they were

contacted by the debt collection agency. They thought that this was unfair as they did not feel that the matter was closed, so this strengthened their desire to escalate the dispute:

"[The debt collection agency] kept on calling me and saying, call back this number, and we told them we're still discussing with the issue, so we haven't sorted out yet...we were adamant that they hadn't given us enough time to sort it all out."

Dispute, Stage two, Decision pending

There was limited evidence that customers escalated a repair purely for financial reasons, however, in one case, a customer had accrued 'several thousand pounds' of debt due to not reporting a change of circumstances when her husband moved out of the family home. The customer received a notice to pay letter, but did not believe they owed as much as stated. They raised a dispute to contest this and subsequently received a decision letter which reduced the debt to £1,600. The customer felt that this figure was still too high so they escalated the repair. On receiving the second review letter the debt had been reduced to £800. Although this was higher than they felt it should be, the customer decided not to escalate further as they were financially able to service the debt at this reduced level.

Importantly, going through experience of the complaints, disputes or mandatory reconsiderations process itself meant some customers felt more determined to continue with the journey. Escalation could be prompted for example by the experience of a particular action or event, including poor service or mishandling of cases by advisers. One customer explained that they felt compelled to pursue a complaint, originally concerning poor advice, as they found the way that staff had spoken to them throughout the process upsetting:

"And the way that they speak to you on the phone... [they are] rude, and always really short with you... And you don't ever feel like they really know what they're talking about."

Complaint, Stage two, Decision upheld

The length of the process caused considerable frustration, and this could harden customers' resolve to escalate their repair. For one customer, they explained that they felt that they had 'come this far, so may as well carry on', and decided that although the process had been emotionally draining, they had become more determined to reach the end. Importantly, customers wanted some recognition of the emotional impact of the process. One customer who raised a complaint because of the way she had been treated during a recent dispute felt that the initial outcome had not fully acknowledged their personal and the mental stress that it caused. As noted above, often customers just wanted an apology of some kind and became frustrated by an absence of this.

There is an opportunity to review the way in which communication with customers is handled, with the potential to take a more sympathetic or conciliatory tone, which could help to resolve issues more quickly. At this point HMRC can also provide further explanation of why the issue occurred and why it was or was not overturned, educating customers about how to avoid this situation arising again in the future. Since the study, HMRC has improved its call handling guidance, specifically to help assist advisors to understand and provide explanations to customers when they call to understand why, in the first instance, they have been overpaid and what to do to avoid or reduce the impacts in the future. The new complaints 'iform' will ask customers why they are dissatisfied and what they would like HMRC to do to put it right, providing another channel HMRC can use to address customer concerns.

"There was no apology of, that they'd given us the wrong information...it was simply a case of, this is your overpayments, this is when you should have stopped receiving them, and that was it."

Dispute, Stage two, Decision overturned

Reasons for non-escalation

Alongside customers who escalated their repair when they were unhappy with the initial outcome of a complaint, dispute or mandatory reconsideration, there were also customers who decided not to pursue it any further, despite HMRC upholding their decision. Reasons for this included:

- **Satisfaction with the explanation provided** – there were examples of customers feeling satisfied with the explanation provided by HMRC regarding the underlying causes of the issue. For instance, one customer who received an overpayment and had a decision upheld contacted the helpline and was told clearly that they had not reported a change of working hours, which led to an overpayment and this was found to be satisfactory.
- **Feeling unable to continue** – there were examples of customers deciding not to escalate because they did not have the energy or will to continue any longer. This was usually the case where the process had been lengthy or emotionally stressful. In one case a customer explained that they reluctantly gave up the repair because, in their words, they had '*hit a brick wall*', despite wanting to challenge the decision. Another customer decided not to continue to pursue the repair because of a sense of emotional fatigue.

"And [the letter] basically said that I wouldn't be able to argue this and I needed to set up a way to repay [the debt]. But I just found it all a bit too much at that time, I was tired, I just couldn't be bothered."

Dispute, Stage one, Decision upheld

Case study – Mandatory reconsideration, Stage one, Decision upheld

This case study demonstrates how customers could be dissuaded from continuing to pursue the repair process.

Context and trigger

Hannah lives with her partner and 20-month old son; she works part-time in a supermarket. She currently claims working and child tax credit, and has done for a number of years. Hannah said that she has previously raised other repairs with HMRC, including complaints and disputes.

In December 2014, Hannah called HMRC a couple of weeks before her baby was born to inform them that she wanted to add her son to her claim. The adviser explained that they would not be able to do this until her baby was born, and told Hannah to call back, when he had arrived.

Hannah duly waited until her son was born, and called HMRC back in January 2015; she was sent a form to complete to start the claim for child tax credits soon afterwards. Hannah did not return the form to HMRC for six months, as she believed that she would be able to do this at any time and assumed the claim would be backdated to when her son was born.

She received her award letter from HMRC but was surprised to find that it was only backdated by one month. She queried this with HMRC and was told that payments are only backdated one month from when the form is submitted. Hannah was not very happy with this, and believed that she had not been told by the adviser that the form had to be submitted within one month of her son's birth. Better signposting by the adviser of the timescales involved potentially could have avoided this issue from arising.

Repair process

Hannah started the mandatory reconsideration process in October 2015, via the telephone; she was instructed to complete a WTC/AP form and send this to HMRC to formally initiate the repair.

Later, she was required to send in evidence of her son's birth, other benefits claims and financial documents, for review. Hannah found it hard to gather all the required documents and wondered why she should do this, believing that HMRC had access to data about her from different government departments. The evidence would be reviewed by an assessor and the decision returned in four weeks.

Outcome

After the four week wait, Hannah received a letter saying that HMRC was upholding their decision. The letter explained that she had been awarded the maximum amount in her case, permitted by law.

Hannah did not consider pursuing the repair any further because of the reference to the law; she felt as though this was very final, and there would be no way for her to reach a successful outcome, regardless of what evidence she provided.

Ultimately, Hannah felt very frustrated with the whole process; she felt like it was a waste of time for her and for HMRC if they were not going to listen to her. She also would like the advisers to give

clearer information, to ensure that situations like this don't arise in the future and cause others to go through this process.

- **Escalation to more official channels** – there were examples of customers deciding not to continue with the journey as they felt it was moving towards more official or legal channels. This often related to letters received and using legislative language (quoting Tax Credits Act 2002). Mandatory reconsideration letters were noted specifically as deterring customers from escalating their repair, as the language and tone was said to be more official and it was said references to the law also gave the impression that customers would not be able to progress their repair, even if they wanted to.

"We didn't go on anymore afterwards... it [the letter] was talking about the law, and that they weren't going to do anything else... and you just felt that that was it. Like there wasn't any point in keep trying."

Mandatory reconsideration, Stage one, Decision upheld

- **Intervention of outside agencies** - debt collection letters and the involvement of debt collectors also discouraged customers from continuing with their journey. Although this can be seen to drive escalation, for some the involvement of debt collection agencies proved positive, helping customers to resolve their issues with HMRC. This intervention offered an open, two-way communication channel through which they were able to gain information, better understand their case and agree on a way forward, such as negotiating payment plans for debt recovery.

"They were less, so the collections agency were a lot friendlier, nice and tame...they actually responded to my letter; I never had to wait too long for a response."

Complaint, Stage One, Decision upheld

Summary

- Customers tended to start the repair process by calling the helpline to query an overpayment, the award amount or to discuss something in relation to their claim. There is limited evidence of customers starting the repair process in writing; mandatory reconsiderations were more likely to have been raised using official forms.
- The customer journey is fraught with complexity, and customers can find this confusing. They can receive many letters throughout the process which can be overwhelming, and others find that they have difficulties because of the service they receive from contact centre staff.
- Advice and guidance was not widely sought; customers called the contact centre as a first resort. Websites were also accessed: GOV.UK was found to be hard to navigate, and other websites were

not thought to be especially informative, although the sharing of others' experiences did encourage customers to pursue their repairs.

- Third party organisations, such as CAB, MPs and legal aid were accessed by customers who needed support, often by those who spoke English as a second language. There were examples of customers allowing CAB to take ownership of the process for them.
- The decision letter was often misunderstood by customers and could do little to dissuade customers from escalating their repair, although evidence suggests that mandatory reconsideration letters were more successful.
- Reasons for escalation included customers feeling that they had managed their claim correctly so felt entitled; to gain additional information about why the issue arose, or as a result of the length of time and emotional work involved in pursuing the repair.
- Reasons given for non-escalation included being given a satisfactory explanation of why an overpayment occurred; references to the law in the decision letter deterring further action; feeling unable to pursue the repair due to lack of progress.
- Debt collectors tended to have a positive, mediating effect, with customers feeling that they were responsive to their concerns, and they felt able to discuss and set up a repayment plan with them.

Key opportunities

- Providing the ability to raise repairs online could make it easier to manage and track complaints, disputes or mandatory reconsiderations. The provision of a function to attach evidence could prevent delays and postal loss. More signposting to the online service could increase general usage, freeing up the call centre to deal with other issues.
- Managing expectations around the likelihood of success before customers have started the repair process may reduce the number of complaints, disputes and mandatory reconsiderations being raised. In April 2016, HMRC amended the tax credits website to include the text: 'Fewer than 1 in 10 tax credit disputes are successful'. This is intended to help inform customers whether to initiate a dispute given that the likelihood of success will be less than 10%. Additionally, it initially prompts customers to understand the cause of their overpayments, where the fault lies with HMRC using the online forms to get their enquiry dealt with quicker.
- Passing on complaints, disputes or mandatory reconsiderations to staff specifically trained to deal with complex repair or overpayment related enquiries may help to resolve issues sooner. These staff would be able to advise customers and, where appropriate, give them guidance about how to avoid or reduce the severity of issues in the future.

- Providing more signposting and information about the repair process in a clear way on GOV.UK may help to manage customer expectations when they start a complaint, dispute or mandatory reconsideration, and lead to more satisfaction with the service provided.
- HMRC is developing webchat and online services as an alternative method of managing the repair process to the helpline. Promoting these services and the advantages of these platforms over traditional channels may reduce the burden on the helpline and provide a better, faster service for customers, improving their experience when engaging with HMRC.
- Customers wanted the decision letter to provide more information around the reasons behind an outcome, and signpost what options for recourse they have available. Depending on the circumstances of the issue which lead to the repair, it may be appropriate to offer guidance on how to avoid these problems from arising again in the future.
- In July 2016, HMRC made improvements to the helpline guidance, explaining how an overpayment happens. Additionally, tax credits are due to run a trial for the 'once and done' approach for complex overpayments related calls from customers in 2017. This is intended to provide a more efficient and responsive service for customers.

5 Outcomes

This chapter reports on the factors influencing customers' experiences of the outcome of the repair process and how this affected their satisfaction with the process overall.

Overall levels of satisfaction

Contrary to what might be expected, customers' overall satisfaction related to several areas such as being kept up to date on their case, information on the resolution decision, the financial and/ or emotional impact of the process, and whether or not they received an apology.

No distinct pattern emerged which suggested that customers who raised a complaint, dispute or mandatory reconsideration were especially dissatisfied with the repair process. Customers with greater experience of the repair process also displayed similar attitudes as those who were going through it for the first time.

Receiving information

Customers tended to have a more positive experience where they had received quick responses and correspondence from HMRC in relation to the repair, or had someone at the helpline explain what was happening clearly to them. Customers who sought advice, or found information online which explained the usual timelines were more satisfied that it had been dealt with in the usual way than those who had no understanding of how long it should take.

Case study – Dispute, Stage one, Decision upheld

This case study demonstrates how receiving an explanation of the underlying reasons which caused the issue can improve customers' attitudes towards the repair process.

Context and trigger

Jasmin is a single parent and lives with her four-year-old daughter who is currently in nursery. She works full-time as a receptionist, and has claimed child tax credits since her daughter was born.

Jasmin feels she is good at keeping her claim up-to-date and recording any changes of circumstances with HMRC when they happen. When she moved from part-time to full-time work in September 2015, she contacted the helpline to let HMRC know of this change. Jasmin did not receive any written confirmation of the change to her claim, but did not question this and assumed that her details had been amended.

Later in the year, Jasmin received a letter informing her that she would have a drop in her tax credits award, because she had been overpaid and needed to repay the debt. She was unsure why this had happened, but thought that this could be because the change of circumstances had not been properly recorded.

Repair process

Jasmin contacted HMRC to contest overpayment she had been given; on the telephone the adviser said that they would need evidence of her earnings, rent and bank statements to support her case. She did not recognise the formal disputes process, rather, she thought she was just sorting out a problem that she had with her tax credits award. Jasmin then sent all the required documents to HMRC as requested and waited for a decision from HMRC.

Outcome

Within a couple of weeks Jasmin received the outcome letter. She admitted that she was surprised to see that the decision had been upheld, and she expected that as she had given all the required evidence it would be overturned.

She wanted clarification of how the decision was made, so she called HMRC to discuss this. Jasmin found the adviser that she spoke to was rude and dismissive, and did not give a proper explanation of why the decision was upheld.

Jasmin was shocked and upset by the way that the adviser had spoken to her, so decided to call back and report this. On the second call she spoke to someone who was much more understanding and took the time to fully explain why the decision had not been overturned. The attitude and effort shown by the second adviser had a positive impact on the way that Jasmin saw the repair process. Moreover, the explanation provided also changed Jasmin's understanding of why the decision was not overturned; during the interview she recognised that she was not entitled to all the money she had received through her tax credits award.

Customers who were not informed about the process had a more negative experience. In these cases, they were surprised at the level of evidence they were required to collate, and thought that HMRC could have communicated what they would need to do early on more clearly. Customers also noted that other involved parties, such as debt collectors or the court system, communicated the process more clearly than HMRC and were easier to contact.

"[The third party] were probably better than HMRC, they told us exactly what we had to do. Not always on the letter, but once we'd phoned up and spoken to someone and they went through it again...made it clear exactly what we needed to do".

Dispute, Stage one, Decision overturned

Information on the resolution of a case was a key area that affected overall satisfaction. In cases where the outcome was explained and customers could understand it, they were more satisfied with the outcome. This included cases where they had not had their decision overturned, as they could see why the issue had arisen in the first place and why the outcome decision had been taken.

“And the person who I did speak to went through it with me... and she [explained]... this is why and this is what you can do and unfortunately it is right... so I would say that, that was when it hit home, and that was when I just gave up my battle with them, because I understood exactly what was going on.”

Dispute, Stage one, Decision Upheld

However, the resolution of a case was not always communicated clearly and customers did not know the outcome of their case, including that their case was closed. Customers who had had the decision overturned and received a back payment, did not know of the decision until they saw the money in their bank account. They had not received any communication that the issue had been resolved and some said that they were worried about spending the money until they heard something from HMRC.

“I never had a letter from HMRC, or any correspondence, the first thing I got was the lump sum into my bank account. That was the first I heard from them, if you can call that correspondence.”

Complaint, Stage one, Decision overturned

The perceived lack of communication about the resolution also led to customers falsely believing that their repair product was still open. Some were intent on pursuing the issue, when in fact timelines had lapsed. In particular, for those who had raised mandatory reconsiderations, customers tended not to be aware that there was a set time limit on submitting the relevant forms to start the process. Often they would become aware of this when they were informed that their mandatory reconsideration had been rejected due to the late submission. Customers also expressed frustration at the amount of time (30 days) to initiate a mandatory reconsideration after receiving the award notice letter. Customers felt that HMRC had not clarified their position in these situations, and wanted them to categorically state whether a repair was still active or not. Correspondence customers receive relating to the outcome of their repair, states what options, if any, are open to them, and the timelines in which they have to act. However, customers felt that this information was not clearly communicated; they believed that having these details would have helped them to know when they were entitled to challenge a complaint, dispute or mandatory reconsideration.

Financial impact

The financial impact of the repair process also meant that customers were still unsatisfied at the end of the process, regardless of whether the decision had been upheld or overturned. Where the decision was not upheld in the customers' favour, this often meant they had been required to pay HMRC a significant sum, which they were very unhappy about, especially if they perceived the issue as relating to an error being made by HMRC. However, where customers had their decision overturned and received a back payment to cover their tax credits payments, they were often still unsatisfied with the process. This was typically because during the time that their tax credits had been stopped, they had incurred large debts which caused financial difficulties and stress. In their view, this back payment did not sufficiently compensate for the impact caused.

Emotional impact

There was also a high level of emotional distress caused throughout the claim which impacted negatively on customers' overall experiences. Customers mentioned that they felt stressed or worried throughout the repair process, often as a result of the uncertainty they faced regarding their finances, and the potential difficulties they were experiencing. This was compounded by the amount of time that repairs could take to be resolved. Customers provided examples of the repair process taking up to 18 months, during which time they developed negative views of HMRC and the repair process.

"We were told 35 days, and then two months [to get a response from a complaint] ... The timeframes were all over the place in terms of their promises".

Complaint, Stage three, Decision pending

Customers mentioned they felt that decision outcomes centred on financial matters (in particular with disputes and mandatory reconsiderations), and did not totally reflect the grievances that customers experienced, for example where they had raised a complaint due to the way in which they were treated or the stress that the process had caused. Customers who were pursuing a repair for these reasons could be left unsatisfied despite receiving a financially positive decision (i.e. an overpayment overturned); as they felt the issue or error was not acknowledged by HMRC.

"They'd not listened to me, yeah I hadn't checked but they had no compassion for my mental state, it would have been nice for them to admit they'd got it wrong and to apologise for the rudeness [of the helpline staff]"

Dispute, Stage two, Decision overturned

The emotional impact of going through the overall process was so great in some cases that customers closed their tax credits claim as they did not want to go through a similar experience again. For these customers they felt that they should have received an apology from HMRC for the impact that the process had had on them.

Case study – Dispute, Stage two, Decision overturned

This case study demonstrates how the emotional work involved in managing the repair process can overshadow the positive outcome they receive.

Context and trigger

Michelle lived with her ex-husband until early 2014, when he moved out. Four days later, she reported the change of circumstance to HMRC, moving from a joint claim to a single claim.

Later that year she met someone new, and her new partner moved into the house. At this time Michelle said that she believes she contacted HMRC to inform them of this change of circumstance, moving from a single claim to a new joint claim.

A number of weeks later, Michelle received an overpayment, as HMRC believed they had not been informed of the change of circumstance. She called to query this initially as she was adamant that she had told them about the change at the time. She was told to submit an MR by an adviser, but this was rejected as she was out of time.

Repair process

Michelle was advised to start a dispute, which she did with help of an adviser. Michelle was required to submit evidence and proof to back up claim of living with her current partner. Michelle said that the evidence she provided kept getting lost, so had to resubmit this on three separate occasions.

Michelle received a letter stating that the overpayment stood, and she was required to pay it. She escalated the repair because she disagreed with this outcome, as she was sure she had reported the change correctly.

She found this process extremely stressful; the overpayment was a considerable sum to her so she was worried about the financial impact it would have. Around this time, she started receiving letters from debt collectors, which added to her anxiety.

Outcome

Eventually Michelle received a decision letter from HMRC, overturning the overpayment. Despite not having to pay the money back, the experience had left Michelle feeling annoyed about the experience.

Michelle felt that HMRC had not acknowledged or apologised for the way she was treated. She felt that this had become a more important issue than the need to repay the money by the end of the process.

Summary

- Satisfaction was not found to be linked to outcome or repair decision. No clear patterns were identified according to repair type nor by previous levels of experience.
- Awareness of the formal repair process was low; and customers did not know what was required at each different stage. The lack of knowledge seemed to cause problems later on as customers expressed frustration, which could prompt escalation of the repair product.
- Customers who received information throughout their case; about why the issue had arisen, the likely timelines, what they needed to do, and the final outcome, were more satisfied with the repair process and the outcome.
- The financial impact of going through a repair, such as accruing debts whilst tax credits payments had been stopped, led to other issues that meant customers were still unsatisfied at the end of the process, even where the decision was overturned.
- Customers who found the process stressful felt that this impact was not acknowledged in the outcome.

Key opportunities

- Communicating to customers the importance of reporting changes of circumstances as soon as possible, rather than within 30 days, may help to minimise the amount that they are overpaid. In April 2016, HMRC made changes to the award notice explaining this to customers, and requesting that they report any change of circumstance straightaway and outlined the repercussions on overpayments if not.
- For customers who are vulnerable and require additional help, promoting the use of an appointee and directing customers to the relevant section of the application form will improve their experience of applying for and managing their tax credits claim. This could also result in fewer errors being made when managing the claim, which can result in customers raising repairs.
- Since April 2016, HMRC has been amending GOV.UK in order to improve customer understanding of the tax credits system. This includes clarification that overpayments can be incurred, even if the customer reports a change of circumstances on the same day that the event occurs (i.e. change of working hours or other changes to the claim), due to the way in which tax credits are paid. HMRC is planning to expand this further in the near future by providing animations, alongside the existing literature, as an alternative medium to communicate this message. Additionally, HMRC is keen to explain to customers that the renewal process is not simply about securing support for the current year looking forwards, but confirming and finalising tax credits payments for the last year.
- HMRC is using Real Time Information (RTI) to update income details automatically, without the need for customers to report this information themselves, thereby reducing the delay in getting the correct information to HMRC and the likelihood of receiving an overpayment. In September 2016, HMRC started looking into the possibility of using this facility to update income information (for employed customers only) automatically every quarter.

6 Conclusion

This chapter draws together the key findings from the research project and outlines conclusions and suggestions for improvement as outlined by respondents.

Key findings

Complaints, disputes and mandatory reconsiderations tended to be initiated as a result of customers trying to resolve an issue with their claim, rather than an active decision to formalise their grievance. The decision to make a complaint was more likely to occur following a build-up of issues, culminating in a 'tipping point'. The personal circumstances of customers impacted customers' ability to manage their tax credits claim and, importantly, their experiences and management of the repair process itself.

Awareness of the repair process was low across all products (complaints, disputes and mandatory reconsiderations), and irrespective of whether customers had prior experience of the repair process or not. Customers were unaware of the timescales involved, the requirement to provide evidence, the stage of the process they were in including not knowing there were different stages at all. Given this lack of understanding, customers often found it hard to provide a coherent, chronological account of their journey, and it was difficult for them to reflect on their experience, as they did not have a clear sense of the pathway followed. Importantly, awareness of the process influenced customers' expectations and ability to manage it effectively. This had a bearing on the decisions they made, as they tended to not know what options were available to them or how the repair might progress or conclude.

The helpline was the usual starting point for the raising of the repair – either with helpline staff explaining the process or raising it on the customer's behalf. There was very limited evidence of customers using GOV.UK for advice or support at this initial stage, or during the broader process.

The main communication channel throughout the process was the helpline, and as such is central to customers' experience and can be seen to impact on customers' decision-making and behaviour. Customers noted that the service provided by helpline staff could be inconsistent; while good service was identified, poor service or guidance was seen as fundamental to why problems occurred in the first place, for example where perceived administrative errors had occurred or misinformation provided. There was a sense that advisers could push issues away and not genuinely try to find solutions to customer concerns, which could be seen as prolonging the process and causing dissatisfaction. It seems that opportunities to resolve issues early on, and prevent them from escalating, are missed.

Although the involvement of outside agencies, such as debt collection agencies, could cause concern for customers this could also be seen to offer a step change in the journey and could provide a resolution. It appears the nature of the contact with debt collection agencies offered customers a platform to give their 'side of the story'; giving them confidence that their concerns were being taken into consideration.

The lack of clarity around final outcomes caused difficulties for customers and they could be unaware what options for recourse were open to them, how long this would take and they were unsure when the repair had finished. Beyond this, customers' expectations were not being managed, which affected their behaviour at this point of the process. Customers wanted to know what routes were available to them after they had received an outcome and clarification over the status of the repair, and what this would mean for them in practical terms.

It was found that satisfaction was not linked to the outcome of the repair, the cancelling of debt or some form of financial compensation. Customers described the repair process as stressful, and the emotional toll was something customers often wanted to see reflected in the outcome of their decision letter. Customers who had the decision overturned still felt aggrieved by the end of the process if they felt that there had been no apology or acknowledgement by HMRC for the distress caused. Elsewhere, there was a desire for more information about the cause of issues and a recognition of mistakes when they occurred being addressed in the outcome letter.

Suggestions for change and improvement

- **Improve customer knowledge of the tax credits system** – issues identified by customers in relation to the repair process were caused in part by a lack of knowledge about how the tax credits system works and customer's responsibilities in managing their tax credits claim. Providing more information about how the financial side of the tax credits system works, in particular the role that overpayments play, could significantly reduce the number of repairs, in particular disputes that are made. There are many opportunities for HMRC to pass on information to customers across the course of the tax credits journey which could help improve their ability to manage their claims more effectively.
 - In late 2016, HMRC trialled new helpline processes to help customers understand how certain change of circumstances would impact future payments and could result in overpayment. HMRC are reviewing the outcomes before rolling this out wider. There is also an opportunity to extend this via the digital service, which HMRC are currently considering.
- **Providing more information about the process upfront** – the level of information that customers had about the repair process was not always thought to be sufficient. If more information was provided that made it clear that a customer had triggered a particular repair process, and what each stage involved, customers' experiences of the overall process may improve. Giving customers more information about why the issue had arisen in the first place may also reduce unnecessary calls to HMRC. Customers predominantly used the helpline and wanted to be able to access information in this way.
 - In June 2016, HMRC updated the tax credits pages of the GOV.UK website, providing further guidance and clarification of the difference between complaints, disputes and mandatory

reconsiderations. The information provides a better understanding of the timescales involved and the requirement to submit additional evidence (where necessary), which can be a source of dissatisfaction and lead to escalation (see chapter four). Further to the revised webpages, training advisers to provide information and advice around the different repair products and possible routes of progression, timescales and outcomes would also help to improve customers' experiences of the repair process by setting expectations at the start of the customer journey.

- **More opportunity for issues to be resolved quickly by the helpline adviser** – the helpline plays a central role in the repair process; customers turn to it throughout the repair and there is an expectation that they can resolve matters quickly and easily. Giving helpline staff more power to put simple remedies in place, such as amending details, correcting administrative errors or approving repayment plans at an early stage would help to avoid customers being drawn into the full repair process.
 - Alternatively, in cases where customers wanted to make changes to their details soon after noticing an error, they should be made aware that they are able to use the tax credits digital service to update their details for the current year. If the error is made at the renewal stage, then there is a different process to follow. It is important to explain to customers why advisers are not able to simply make these changes.
- **Empower and upskill advisers** – providing advisers with more information about the repair process would allow them to give better guidance to customers. Equally, enabling advisers to pass customers on to specialised teams that deal with more complex disputes or mandatory reconsiderations as they already do with complaints may be a more effective use of staff time, and improve customer satisfaction with the service provided. Where conflicting advice is given by advisers, there is a need to address the knowledge gap to ensure that guidance provided is factually correct.
 - Advisers could take more time to establish the nature of the issue and underlying cause of customers' dissatisfaction. By gathering more information, they would be able to provide better advice about the type of repair that the customer needs to raise. Similarly, this also presents the adviser with an opportunity to explain more about the repair process, including timescales (e.g. 30 days available to raise a mandatory reconsideration or 93 days for a dispute) and requirements for submitting evidence to improve the expectations they have of the process.
- **Better customer service** – the way in which helpline staff communicate issues to customers has an impact on their experience. Where helpline staff were able to communicate clearly and empathically why the issue had occurred customers were less likely to escalate their repair. Customers also felt that helpline staff should record more detailed case notes which would make the process easier to manage for advisers and for themselves, and should provide greater clarity around the status of the repair, presenting available options for recourse.

- For customers who are vulnerable and require additional help, promoting the use of an appointee and directing customers to the relevant section of the application form could improve the experience of applying for and managing their tax credits claim. This could also result in fewer errors being made when managing the claim and a subsequent reduction in customers raising repairs.
- **More information on GOV.UK and online management of repair process** - providing more signposting, and clear information about the repair process on GOV.UK may help to manage customer expectations when they start a complaint, dispute or mandatory reconsideration, and lead to more satisfaction with the service provided. Providing the ability to raise repairs online could solve some concerns that customers have about the process, by making it easier to manage and track their complaint, dispute or mandatory reconsiderations. This could also reduce the amount of post sent and received, which can be lost, and slow down the process.
 - Since August 2016, customers who submit a dispute or mandatory reconsideration online are able to track its progress via an online platform, and a similar form for complaints is currently being developed. With these forms, customers are able to quickly and easily check the status of the repair, rather than having to chase this up with the helpline, which can lead to frustration. HMRC are also developing an email facility to provide quicker responses to customer queries than paper channels, reducing the waiting times, which can cause frustration.
 - HMRC has introduced a webchat function to respond to customers' enquiries, including those regarding complaints, disputes or mandatory reconsiderations. This will be used as a quick response option for customers who do not want to call the helpline and prefer to use a smart phone, tablet or computer.
 - HMRC is exploring the possibility of using Real Time Information (RTI) to update income details automatically, without the need for customers to report this information themselves, thereby reducing the delay in getting the correct information to HMRC and the likelihood of receiving an overpayment. In September 2016, HMRC started looking into the possibility of using this facility to update income information (for employed customers only) automatically every quarter.
- **Greater clarity on outcome** – clear information on the outcome of the case needs to be provided. Customers need to know that their repair process has closed, why the outcome has been achieved and what they can do if they need further support.

Appendices

Appendix A: methodology

Ipsos MORI conducted 40 depth interviews with customers who had been through the repair process, and had according to HMRC records, received a final outcome between October 2015 and March 2016. The sample was split into three key groups, corresponding to the three repair products; customers who had raised complaints, disputes, and mandatory reconsiderations. Further details of final sample numbers can be found in the next section.

In-depth interviews were deemed to be most appropriate for a research area that covered potentially sensitive issues relating to household finances and debt. Depth interviews allowed interviewers to build rapport with customers and to explore their personal situation around the time of raising the repair, their experience of the repair process, and their thoughts of how HMRC could better support tax credits customers in the future.

A topic guide was developed to cover the key themes and research questions and was used by interviewers in every interview, a copy of which can be found in appendix C. This supported the interviewer during fieldwork, ensuring that relevant data was collected and the interview kept to time. In interview, stimulus was also used as required; this included specimen copies of all letters and correspondence associated with each repair product, which could be used to prompt discussion.

Interviews with tax credits customers took place in August and September 2016. 35 of the interviews took place face-to-face in customers' homes, the other five interviews were conducted via telephone. Interviews took between 45 minutes and one hour. As is common practice in qualitative research, all customers taking part as an individual received £30 from Ipsos MORI as a gesture of thanks, and those taking part with the help of a friend or family member received £40.

The data was analysed using an inductive approach, whereby anonymised interview recordings were summarised under thematic headings and analysed for themes. The three types of repair product raised by customers; complaints, disputes and mandatory reconsiderations were analysed separately, and within these groups, analysis was conducted on a thematic basis. Analysis was then conducted across the three groups in order to explore the similarities and differences between them. Qualitative research is used to map the range and diversity of different type of experiences rather than indicate the prevalence of any one particular experience; as such, numerical language has not been used in this report.

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. Customers were recruited by a specialist qualitative research recruiter, subcontracted by Ipsos MORI.

The sample provided by HMRC was drawn from tax credits customers who had raised one of the three repair products between October 2015 and March 2016. Only customers who indicated at the recruitment stage that they had made contact with HMRC regarding an issue they had with their tax credit claim, or had been through the repair process.

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 repair. Quotas included: level of escalation, employment status, age group, sex, whether they had children and the age of the children, their claim history (whether they had previously been through the repair process). The final quotas achieved are shown below.

Primary Variables – 40 depth interviews				Total
Type of repair	Complaints 13	Disputes 16	Mandatory reconsiderations 11	40
Nature of repair	Overpayment – 4 Poor service / delays / mistakes – 3 Changing claim – 3 New claim – 2 Other - 1	Disputed overpayment – 16	Change to a claim – 5 Asking a customer to change their claim – 4 New claim – 2	
Escalation level⁶	Stage one – 7 Stage two – 6	Stage one – 7 Stage two – 9	Stage one – 7 Stage two – 4	21 19
Final outcome	Decision: upheld – 7 overturned – 3 pending – 3	Decision: upheld – 5 overturned – 7 pending – 4	Decision: upheld – 5 overturned – 4 pending – 2	17 14 9
Secondary Variables				
Employment status	Employed FT – 7 Employed PT – 4 Self-employed – 0 Unemployed – 2	Employed FT – 8 Employed PT – 3 Self-employed – 2 Unemployed – 3	Employed FT – 2 Employed PT – 4 Self-employed – 4 Unemployed – 1	17 11 6 6
Household structure	Two parent – 6 Lone parent – 4 Single, no children – 3	Two parent – 8 Lone parent – 5 Single, no children – 3	Two parent – 5 Lone parent – 4 Single, no children – 2	19 13 8

⁶ For sampling purposes, all customers who did not escalate their repair (received the initial review notice, but either had the decision overturned, or chose not to pursue the repair further) are categorised as 'stage one'. Customers who escalated their repair to a second review, or to the Adjudicator's Office or tribunal are categorised as 'stage two'.

Household income	<£12k – 3	<£12k – 5	<£12k – 5	13
	£12k-£20k – 4	£12k-£20k – 5	£12k-£20k – 4	13
	>£20k – 6	>£20k – 6	>£20k – 2	14
Age	18-25 years – 0	18-25 years – 1	18-25 years – 1	2
	26-39 years – 7	26-39 years – 7	26-39 years – 5	19
	40 + years – 6	40 + years – 8	40 + years – 5	19
Gender	Male – 5	Male – 5	Male – 4	14
	Female – 8	Female – 11	Female – 7	26
Ethnicity	White – 9	White – 12	White – 9	30
	BMEA – 4	BMEA – 4	BMEA – 2	10

All leads in the sample were sent advanced letters, informing them of the subject and purpose of the research, and that they may be contacted by Ipsos MORI to invite them to take part. The advanced letter gave customers instructions how to opt-out of the research; customers were also given the chance to opt-out during recruitment. In fieldwork, customers were again told of the purpose of the research, consent to conduct the interview was sought from and provided by all customers, prior to the start of the interview.

Interviews were recorded, once consent was provided by customers, using encrypted voice recorders. Sound files were password protected and securely held on the Ipsos MORI servers; only members of the research team had access to the recordings. Once analysis and reporting had been completed, all sensitive information was destroyed including, sample data and sound files.

Appendix C: topic guide

Topic guide for interviews with tax credits customers

Welcome and introduction	
	<ul style="list-style-type: none"> • Thank participant for taking part; introduce self, Ipsos MORI • Explain focus of discussion: to understand tax credit customers' experience of the complaints, disputes and mandatory reconsiderations process in order to improve the overall process • Explain what will be discussed: very briefly describe each section of the guide • Confidentiality: reassure that all responses are anonymous and that no identifying information will be passed back to any HMRC or any government department; reassure that their tax credits claim will not be affected in any way by taking part • Role of Ipsos MORI: independent research organisation (i.e. independent of GOVERNMENT); Commissioned by HMRC to conduct the research; We adhere to MRS code of conduct • Length: 60 minutes • Any questions before beginning • Get permission to digitally record: transcribe for quotes, no detailed attribution
1. Context and background	
10 mins	<p>Explore personal circumstances; ask respondent to tell you about themselves:</p> <ul style="list-style-type: none"> • Details of household – family circumstances (partner, children), household arrangement (who live with) • Employment status – type of employment, nature of employment, hours of employment • IF APPLICABLE: details of partner – employment status; type of work; full time/part time <p>Briefly explore details of the customer's tax credit claim:</p> <ul style="list-style-type: none"> • Type/length of claim – WTC/ CTC or both; single/joint claim; still claiming TCs • Details of how they manage the claim (online/paper/telephone); experiences of this • Other benefits; other benefits received; brief experience of claims process; any complaint or disputes made • Interactions with HMRC – type of interaction / communications – provide details
2. Overview of dispute / complaint / mandatory reconsideration	
5mins	<p><i>Note to researcher: in this section we want the customer to provide a brief 'potted history' of the complaint, dispute, MR – this will be explored in more detail in subsequent sections</i></p> <p>Explore recall of a recent complaint, dispute or MR made - explain if necessary, that HMRC records show a complaint, dispute or MR was made</p>

	<ul style="list-style-type: none"> ○ Gain a shared understanding of the complaint/dispute/MR in question – refer to details we hold as necessary (sample details on type of action and timings; and any materials to aid understanding) ● (For context) Briefly provide an overview of the complaint, dispute or MR made to HMRC - briefly outline details and provide a potted overview Probe on: timings; what was the dispute/complaint/MR about; reason for this; who they contacted/spoke to at HMRC; what happened as a result ● Explore whether any other complaints, disputes, MRs have been made
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3. Explore circumstances and factors leading to a complaint or dispute

15mins	<p><i>Note to researcher: in this section we aim to understand the key factors/circumstances leading to the complaint/dispute/MR</i></p> <p>Explore details of what led to the complaint/dispute/MR; <i>spontaneously</i> explore circumstances and factors leading to the complaint/dispute or MR</p> <p>Probe on the following:</p> <ul style="list-style-type: none"> ● Why did they make a complaint, dispute, MR; what was the reason – prompt: <ul style="list-style-type: none"> ○ Complaint: overpayments, mistakes; wrong advice; delays to payments/letters, other; prompted by debt collection letter ○ Dispute: overpayment, HMRC error in award amount; debt collection letter ○ MR: change to a claim, providing incorrect information, HMRC calculated award amount based on incorrect information, debt collection letter, other ● What happened prior to this/how did this situation come about <ul style="list-style-type: none"> ○ Explore whether it related to information they provided/did not provide to HMRC or something else – provide details ○ Explore whether the customer, HMRC, or someone else made any mistakes; reasons for this – provide details ○ If due to OVERPAYMENT – explore thoughts and feelings on overpayments; getting them/paying back; how well understand these/how these occur ● Why did they make a decision to do this; what triggered them to raise the complaint/dispute/MR – explore reasons <ul style="list-style-type: none"> ○ How hard/easy was it to make a decision to do this / whether it was something they had to think deeply about; reasons for this <ul style="list-style-type: none"> ▪ Was it an active decision on their part/ or something they were advised to do/fell into – reasons ▪ Were they advised by HMRC staff that they should/ would need to do this; reasons for this/ were they told about any other options ▪ When was the decision made; at which point in process; whether they knew this was likely earlier in process (i.e. when received overpayment)
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- **What did they want/hope to achieve from the process;** how likely they thought they were to be successful
 - Probe:**
 - Removal of debt/overpayment
 - Change to award/claim status
 - Apology
 - Seeking further information
 - Other
- **Emotional response** at the point of making the complaint/dispute/MR; what/how were they feeling at the time
- Explore whether they sought **information/support/guidance** prior to making complaint/dispute/MR
 - What information/guidance/support they were looking for and why; whether found what needed
 - Where they went for advice – **probe:**
 - Helpline
 - gov.uk
 - social media
 - third party websites
 - friends/family
 - other
 - How far guidance supported process of making the complaint / dispute / MR
 - How far support/guidance influenced their decision to make the complaint/dispute/MR
- Ask if the decision was **discussed/decided on with anyone else** (HMRC, friend, family, social media, other); how far others influenced their decision/whether they were advised to take this forward – provide details
 - If **spoken to HMRC prior to submitting** complaint/dispute/MR: why did they pursue it; what HMRC say/do; what did they think of HMRC's response
- Ask if they were **aware that they were making a complaint/dispute/MR** – did the customer know about the different products; did they care which product they had or more focussed on the outcome

Explore **any additional information/support/guidance** they would have liked either at the time of making the complaint/dispute or before when the issue arose – provide details; how this would have helped; any ways to improve satisfaction
- Explore **anything that would have prevented them making the complaint/dispute/MR** initially – **probe:** receiving additional information; gaining support; more information throughout the process; better understanding of tax credits (overpayments are a normal part of tax credits); timings – quicker

responses/communication from HMRC; conduct of HMRC contact – could have been more understanding/nicer

4. Explore experiences of complaints, disputes and mandatory reconsiderations process

25 mins

Note to researcher: in this section we aim to explore details of the process end-to-end to understand the overall journey undertaken; this will be plotted and a journey map developed. It will build on information gathered in section 2.

Explore experiences of the complaints, disputes and mandatory reconsiderations process in detail – consider each stage of the process, exploring the initial route and all subsequent stages (review and escalation)

- At each stage/tier explore: details/description of what this involved; information sources; attitudes towards this; what happened next
- Probe on the following steps: steps 1 (initial route); step 2 (HMRC review); step 3 (escalation) as relevant in each case

Note to researcher: remember to plot activities/events on the customer journey timeline!

*Focus more on experiences at **steps 1 and 2** than step 3.*

Step 1: initial route

Explore details of how they made the complaint/dispute/MR and what this involved; how did the process start

- **How did they make the complaint/dispute/MR; what channel was used – probe:**
 - Contact Centre
 - Letter
 - Forms and online (TC846, WTC/AP)
 - Other
- What did this process involve – provide details
- Did they get any **help submitting the form/letter** – from CAB/solicitor; what did this involve; how initiated
 - Timings – when did this happen; how long it took; thoughts and feelings on this
- Explore **feelings** at this stage – how certain were they about making the complaint or dispute; did they feel they were justified in making the complaint/dispute/MR; reasons for this
- **Whether sought advice/information/guidance; where from - prompt:**
 - HMRC guidance (COP26; WTC7)
 - GOV.UK (any pages in particular)
 - HMRC Contact Centre
 - Citizens Advice Bureau
 - Social media/third part websites (which ones)
 - Other
- **Reasons** for using particular sources of information; how knew about it
- **Views on guidance** (HMRC and third party); helpfulness; whether it aided understanding of reasons for raising a complaint/dispute/MR; or improved understanding of the steps/processes involved

- If looked at third party sources of information, why and what did they offer which they could not find through HMRC/GOV.UK
 - **Explore details of what the interaction/process involved (STEP 1)** making the complaint/dispute/MR – provide details
 - **What was discussed;** any information they provided/were asked to provide; how customer felt about this
 - How **easy/difficulty** was it to manage; any problems or difficulties encountered/occurred at this stage – provide details
 - **Attitudes towards this aspect of the process (STEP 1);** any ways it could have been improved
 - **Outline what happened next:**
 - Hearing about the decision – how did they hear/what were they told; how felt about this; did they understand the outcome; was it explained to them by HMRC
 - HMRC materials – show form C/FS for complaints; outcome letters for disputes and MRs
 - Timescales involved – how long did this take; views and feelings on timings
 - Was the complaint/dispute/MR resolved or escalated
 - Reasons for this continuation/escalation; decision-making involved in this
 - Did they understand how HMRC made their decision; did HMRC explain how they came to their decision; did this change the way the customer viewed the complaint/dispute/MR
 - How the customer was feeling at this stage; emotional response
 - Anything that could have been done to avoid this escalation at this stage; any information/support that could have stopped this prior to escalation
- Step 2: HMRC Review**
- **Outline reasons for escalating to the next stage;** whether this was their decision or prompted by HMRC or someone else
 - Explore details of **how the complaint/dispute/MR developed:**
 - How was the complaint/dispute escalated (channels used)
 - Who did they speak to; communications with HMRC; anyone outside of HMRC; what was discussed
 - Timings of this
 - How did they know about escalation/what to do next; how aware were they of the process; how confident were they of what was required
 - Any sources of support/information referred to – provide details
 - **Explore details of what was involved (STEP 2)**
 - What was discussed and with who (including external bodies)
 - Any **help from CAB/solicitor** at this stage – submitting forms/letters
 - Any information they provided/were asked to provide – give details

- **Whether sought advice/information/guidance**; where from; what this looked like; impact/helpfulness of this - **prompt**:
 - HMRC guidance
 - GOV.UK (any pages in particular)
 - HMRC Contact Centre
 - Citizens Advice Bureau
 - Social media/third part websites (which ones)
 - Other
- **Attitudes towards this aspect of the process (STEP 2)**
 - How easy/difficulty was it to manage; any problems or difficulties encountered/occurred at this stage – provide details
 - Any ways this part of the process could have been **improved**; what in particular; how could it have been made better
- Anything that could have **prevented this from continuing** at this stage; any information/support that could have stopped this progressing
- **Outline what happened next:**
 - Hearing about the decision – how did they hear/what were they told; how felt about this; did they understand the outcome; was it explained by HMRC
 - Timescales involved – how long did this take; views and feelings on timings
 - Was the complaint/dispute/MR upheld, reversed; how did they hear; response to the decision
 - Was the complaint/dispute/MR escalated; reasons for this continuation/escalation
 - Decision-making involved in this
 - How the customer was feeling at this stage; emotional response
 - Anything that could have been done to avoid this escalation at this stage; any information/support that could have stopped this prior to escalation

Step 3: Escalation to external organisation/agency

- **Outline reasons for escalating to the next stage**; whether this was their decision or prompted by HMRC, someone else
- **Why did they escalate** to step 3 – matter of principle
 - What hoped to achieve from this stage of process
- **Explore details of what was involved (STEP 3)** – describe process
 - Outline any communications/interaction they had; what was discussed
 - Who did they deal with/ which agency operated this stage
 - Any information they provided/were asked to provide/any actions they needed to take – give details
 - Timings of this
- **Explore whether they sought information at this stage; from whom**
 - HMRC guidance
 - GOV.UK (any pages in particular)
 - HMRC Contact Centre
 - Citizens Advice Bureau
 - Social media/third part websites (which ones)

	<ul style="list-style-type: none"> ▪ Other • Explore awareness and views on dealing with an outside (of HMRC) agency <ul style="list-style-type: none"> ○ How well was it understood – did they know that they have moved to another outside agency; were they aware they had moved away from HMRC ○ Views on moving to an outside body – how felt about this; what were their views on another agency/organisation handling the complaint/MR; whether this provides reassurance that it is external/independent ○ Whether had any prior experience of outside body; what happened before (e.g. had decisions overturned); whether this influenced their decision this time ○ IF MR customer: How felt about contacting Tribunal Service; was this easy/difficult. How easy was it to complete form SSCS5; was Tribunal Service helpful; any problems or difficulties • Attitudes towards this aspect of the process (STEP 3) <ul style="list-style-type: none"> ○ How easy/difficulty was it to manage; any problems or difficulties encountered/occurred at this stage – provide details ○ Any ways this part of the process could have been improved; what in particular; how could it have been made better • Any additional support/information they would like to have received; reasons for this • Outline what happened next: <ul style="list-style-type: none"> ○ Hearing about the decision – how did they hear/what were they told; how felt about this ○ Timescales involved – how long did this take; views and feelings on timings ○ Was the complaint/dispute/MR upheld, reversed; how did they hear; response to the decision ○ How far this met with expectations ○ How was the customer was feeling at this stage; emotional response ○ Overall satisfaction; reasons for this; anyway they process could have been improved/satisfaction increased (even if the decision remained the same)
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5. Explore views on the complaints/disputes/MR service overall

5mins	<ul style="list-style-type: none"> • Ask customer to consider their experience of making a complaint/dispute/MR; what are their thoughts and feelings about the process overall; what worked well/less well; reasons for this • Explore overall views on the information/support/guidance received/accessed: how satisfied are they with the information they got from HMRC/externally; could this be improved – provide examples • Explore how guidance could be improved – outline suggestions

- Explore whether aware there is new GOV.UK guidance; whether seen this; views on this; what ideally would they want from new guidance
 - **Explore how far the process/information has improved understanding**; understand reasons why issues occurred – whether more clearly understand HMRC’s perspective; whether they think HMRC more clearly understands theirs
 - **On reflection could this have been avoided**; could they have been supported more either before or during complaint/dispute/MR
 - Anything to help them provide correct information/avoid issues such as overpayments
 - Anything to have prevented this escalating at each stage
- If not covered explore:
- *(Only if appropriate)* If issue relates to not providing information on time; ask whether anything could be done to encourage this; whether a fine for a delay in providing information/ reporting a change might help customers to avoid issues later on
 - Explore whether experienced these issues under other benefits (made a complaint/dispute); how compares; whether rules are more stringent
 - CLOSE – THANK, give participant incentive and ask to sign to confirm receipt.

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