



HM Revenue
& Customs

Research report 558

Insolvency process pilot Research

*Qualitative research to understand experiences and views of
the insolvency process pilot*

March 2018

Behaviour, Insight and Research Team

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1. Research requirement

HMRC recently undertook a pilot for a new process for engaging customers that were deemed to be at risk of insolvency. The pilot consisted of two process channels. The green channel addressed customers with minimal debt history and a low risk of insolvency. The pilot intended to streamline and shorten interactions with HMRC among this group. The red channel served customers with ongoing debt issues and a high risk of insolvency. Among this group the pilot intended to prevent the acceleration of debt and reach resolutions more quickly.

The research was required to assess the customer impacts of the pilot and any areas for improvement. The study aimed to:

- Understand customer's experiences of the red and green channel processes.
- Understand the customer journey through the red and green channel, and the impact of these new processes.
- Understand customer's views of the service they received with a focus on fairness, helpfulness and timeliness.
- Assess the impact of the process on customer's attitudes and behaviours towards HMRC and whether this has influenced how they would perceive similar issues in the future.
- Explore customer suggestions for any improvements to the service.

When the research took place

The research was conducted between November 2017 and April 2018, with fieldwork taking place between the 22nd January and 12th March 2018.

Who did the work (research agency)

The research was undertaken by the Employment, Welfare and Skills (EWS) team within Ipsos MORI's Social Research Institute.

Method, Data and Tools used, Sample

A total of 40 qualitative depth interviews were conducted including 20 red channel customers and 20 green channel customers. Interviews lasted for 30 minutes and were conducted by members of the Ipsos MORI research team. All participants were recruited by specialist recruiters. A purposive sampling approach was adopted, whereby key quotas were set and participants were recruited according to these using a screening document.

The quotas and achieved interviews for the green channel were as follows:

Channel	Customer type	Quotas	Interviews achieved	Size	Sector
Green channel	VAT customers	10	10	16 Micro 3 Small 1 Medium	4 Services 4 Hospitality 2 Finance 3 Retail 2 Health and social 2 Transport 3 Other
	Self-assessment customers	10	10		
Red channel	Time to Pay	15	19	12 Micro 6 Small 1 Medium 1 Large	4 Retail 3 Services 2 Real estate 2 Construction 2 Wholesalers 1 Finance 1 Manufacturing 1 Hospitality 1 Education 1 Utilities 1 Other
	Voluntary insolvency	5	1		

Across both channels there was a mix of business size and sector. The profile of the green channel businesses consisted of slightly more micro businesses (0-9 employees) and sole traders whereas the red channel businesses were more likely to be small businesses (10-49).

2. Summary of findings

Green channel

- Customers were relatively inexperienced in dealing with HMRC for debt-related issues and their only previous interactions were straight forward and routine. Therefore, they did not have clear expectations of what to expect from the process. This uncertainty often manifested as anxiety and worry about what HMRC may ask of them.

- Views towards the green channel phone call were broadly positive. Advisers were described as helpful and understanding but also formal and professional. Furthermore, the questions they asked were deemed pertinent and appropriate. Customers also felt reassured once they spoke to the adviser and their concerns were somewhat eased.
- There was a feeling that advisers could have better knowledge of customers' individual circumstances, particularly among those who had what they perceived as specific mitigating circumstances (bereavement, illness or newly self-employed). These customers felt that HMRC should either already have a record of their situation and take this into account, or should factor it into decision making when informed by the customer.
- Customers were satisfied with their outcomes and, as a result, viewed the service as fair. There was a sense of relief at reaching an agreement and not having to pay the full amount upfront. Customers also reported that their Time to Pay¹ agreement alleviated temporary cashflow issues, enabling them to meet all their obligations, including HMRC.
- Customers reported feeling reassured and relieved after dealing with HMRC and there was a sense they would be much more open to contacting them in the future for similar issues. Customers mentioned they would be keen to contact HMRC sooner in future, if they encountered a similar debt related issue.

Red channel

- Red channel customers had previous experience of dealing with HMRC for debt related issues and many had Time to Pay agreements in the past. Based on their previous experiences, customers often had a negative view of discussing options with HMRC. Although they were more experienced, there was still evidence of anxiety and stress about their situation. This stress was driven by customers understanding the gravity of their financial situation.
- Customers felt the letter² captured their attention and prompted them into action, in many cases immediately. The content relating to the wide range of powers and avenues of recovery at HMRC's disposal in particular motivated customers to contact HMRC as soon as possible.
- Views towards the red channel call were similar to those of green channel customers. The advisers tone was described positively and generally their knowledge of the

¹ If a taxpayer cannot pay their debt in full, HMRC has the discretion to offer taxpayers the option to repay over a period of time – called Time to Pay arrangements. These will be negotiated between the taxpayers and HMRC to ensure the outstanding debt is paid off as quickly as possible and is manageable.

² A revised letter introduced in the pilot.

situation was sufficient. Red channel customers were unhappy with questions around the seizure of personal assets, however, as they felt HMRC were not fairly differentiating between personal and business matters. They also had similar concerns to green channel customers in terms of advisers' acknowledgement of personal mitigating circumstances.

- Customers were broadly satisfied with their outcomes and, in many instances, the flexibility of the agreement exceeded their expectations. They were relieved not to pay the full amount up front but felt they would have benefited from having lower monthly repayments spread across a longer time-period.
- A key impact among red channel customers was moving HMRC up their priority list of payment obligations. There was a feeling that after the red channel experience, HMRC would now move further up this priority list as customers wanted to avoid the stress and anxiety they experienced throughout the process due to being in significant debt.

3. Green channel customers

3.1 Previous experiences with HMRC

As part of the interviews, customers were asked about their previous experiences of dealing with HMRC. This was intended to provide a point of reference for customers with which to compare their green channel experience. The green channel customers were inexperienced in dealing with HMRC for debt related issues and did not tend to have previous experiences against which to compare the intervention. This is consistent with the design of the green channel process which seeks to identify customers who are experiencing temporary difficulties and who have minimal debt history. Typically, customers had routine relationships with HMRC in the past and their interactions were straightforward. Such interactions included initially registering their business, sending or receiving queries and filing self-assessment tax returns.

Given this previous lack of interaction, customers did not hold strong views on HMRC. Customers views ranged from neutral to reasonably positive. Routine tasks had generally been completed by HMRC without any notable mistakes or problems. Customers often recognised this as a positive and therefore held positive views of HMRC prior to the pilot.

“They were brilliant [in the past], really helpful”,
Self-assessment customer, Green Channel

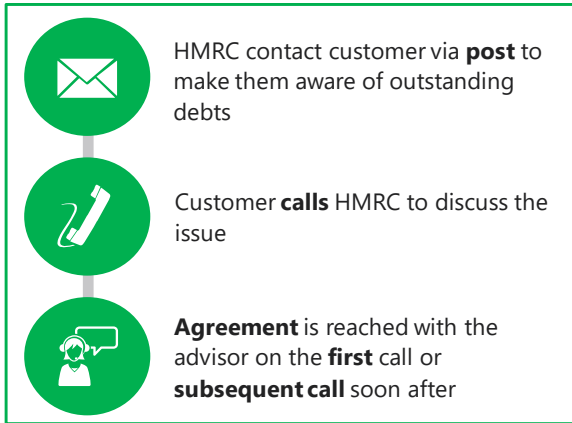
3.2 Customer process journeys

In the green channel, initial contact was typically instigated by HMRC in the form of a letter. Following this, customers would call HMRC to query the issue and discuss a resolution.

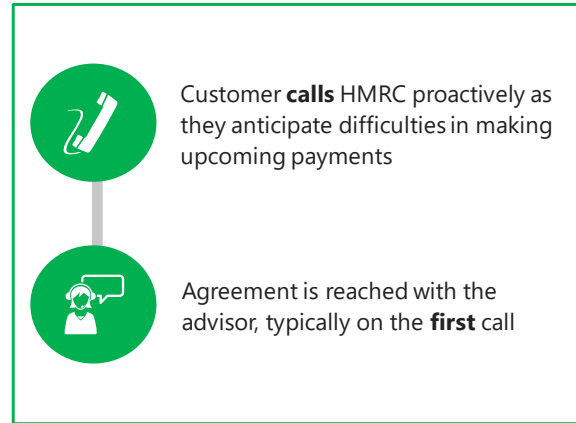
Outcomes were typically reached on the first call made by the customer or in some instances on a subsequent call soon after i.e. either on the same day or next day. Less commonly, customers proactively called HMRC themselves without receiving a letter. These customers anticipated that they might miss a payment or need more time to make a payment and sought to discuss an arrangement with HMRC to accommodate this. Some customers required multiple calls to reach a conclusion but as these typically took place in a short period of time, this was not a problem for customers. Beyond the variation in the number of calls required to reach an agreement, there were no major differences in customer’s experience and views across these two journey types.

3.2.1 Green Channel customer journeys

Prompted by HMRC (most common journey)



Customer anticipates issue (less common)



3.3 Expectations and mindset prior to the phone call

As a result of their minimal interaction with HMRC in the past, green channel customers were uncertain what to expect when calling HMRC. Typically, customers did not have previous experiences of dealing with HMRC for debt related issues and were therefore unfamiliar with the types of arrangements and outcomes it was possible to achieve. In some cases, customers were confused by the letters they received and were unaware they were in debt, or that it was a significant issue. Again, this reflected their minimal interaction with HMRC and an indication of the lack of awareness of tax obligations among green channel customers.

This uncertainty prior to interacting with HMRC meant customers often felt confused and were unsure of what to expect from their interaction. As a result, customers reported feeling stressed and nervous about their situation going into the call. This nervousness often indicated that customers felt an urgency about their situation which in some cases made them hesitant, or even unwilling, to contact HMRC.

“Quite anxious and upset about it. Being in a situation where you cannot afford to pay is quite upsetting”, Green Channel, Self-assessment

Customers' anxieties typically centred on what HMRC would ask of them. For example, a common concern was that HMRC would ask for the full debt amount in one lump sum, rather than agree to the debt being paid over time. Again, this reflected their unfamiliarity with the process and what HMRC would expect of them. There was also a concern that because this was a debt related issue, and not just a routine task, HMRC may be inflexible or difficult to deal with. This concern was not typically based on any previous experience but rather an assumption on the part of the customer.

"I was feeling very worried because the letter was telling me to pay it all now, and I wasn't able to do that", Green Channel, Self-assessment

3.4 Customer views of the green channel phone call

Customers' phone calls with HMRC were the primary interaction they had with HMRC throughout the green channel process and this was the phase when they reached their outcome and resolution. Views towards the service received on the phone call were measured across three key aspects: the advisers tone, the specific questions asked and the advisers knowledge of the situation and customer.

Customers were broadly positive about the tone their adviser took with them. They felt that their adviser was professional, forceful and business-like, but there was an appreciation that this was necessary and appropriate considering the situation and debt related subject matter. In addition to this, customers also reported that their adviser was understanding, sympathetic and helpful. In many cases, customers mentioned that the tone of the adviser positively exceeded their expectations of how they thought HMRC might behave towards them.

"[HMRC were] understanding and helpful, firm but fair", Green Channel, VAT

Customers had difficulty in recalling some of the specific questions they were asked during the call. Therefore, customers expressed their views towards the general line of questioning they experienced with HMRC. The questions asked were reported to be direct, blunt and very narrowly focussed on the monies owed and the means that customers had of paying it back. Customers did feel that questions were still fair and pertinent to the situation. They felt that HMRC had reasons to ask questions in this way. There was some appreciation of the fact that advisers asked customers how much was affordable for them to repay.

"I offered £100 a week. They were happy with that, but he did ask 'Can I afford it' I did not expect this from a faceless organisation. They seemed like they were working with me rather than against me", Green Channel, VAT

Attitudes were less positive about the advisers' level of knowledge on the call. Customers did not feel their adviser had detailed knowledge or understanding of their debt issue or their

wider business situation. They reported that advisers only had basic information on the amount of money owed and the type of debt but little information beyond that.

“They weren’t particularly well informed about my business”, Green Channel, VAT

This lack of knowledge was not generally a problem for customers. They did not feel that advisers needed detailed knowledge of their situation to be able to effectively discuss a sensible resolution to their issue.

However, customers with important personal circumstances were less happy about the level of knowledge their adviser displayed. These specific circumstances varied from life events such as having a first child or becoming newly self-employed to significant extenuating circumstances like bereavement and physical or mental illness. Customers in these circumstances often expected HMRC to have some knowledge of their situation and take it into account in their decision-making process. They assumed that HMRC would have some record of this from other government departments. This was particularly the case for customers who recently had children, were newly self-employed or were experiencing serious physical or mental illness. These customers were typically unhappy that HMRC did not take their circumstance into account when asking for lump sum payments or arranging time to pay agreements with substantial payments due in the near future. Customers dealing with bereavement were less likely to expect HMRC to have knowledge of this, but still felt it should be factored into decision-making on their outcomes once they had made HMRC aware on the call.

3.5 Green channel customer views on outcomes and overall service

3.5.1 Outcomes

Customers most commonly arranged a Time to Pay to resolve their debt issue. Variations of this arrangement included a lump sum payment up front followed by regular payments, an extension of their existing Time to Pay deadlines and a direct debit arrangement (typically for self-assessment customers). Customers generally reported being satisfied with their outcomes. They felt a sense of relief at reaching an agreement and reported that it alleviated temporary cashflow issues enabling them to meet all their obligations, including HMRC. Customers also felt very relieved that they did not have to pay the full amount as a lump sum.

Views often varied depending on the level of experience customers had with HMRC in the past. Customers with minimal experience were typically more positive about their arrangement. Those with more experience of dealing with HMRC were less satisfied, particularly those who had Time to Pay arrangements in the past. This was because they had a better idea of what to expect from the service and assumed they could likely agree a Time to Pay arrangement.

“Very satisfied, it enabled both parties to have a reasonable outcome”, Green Channel, SA

3.5.2 Overall service received

Customers were broadly positive about the overall service they received during the green channel process. They felt they were treated fairly and that their outcome was ultimately fair. There was an appreciation that they owed HMRC a substantial amount of money and that the option to repay this over time was a flexible and fair solution to come to. Those customers with specific mitigating circumstances were generally less likely to feel they had been treated fairly.

“Ultimately, I got a fair outcome but there was a bit in the middle where I was quite scared”,
Green Channel, SA

Customers also viewed the service they received as helpful. They felt that the advisers they spoke to were helpful in laying out their options and suggesting reasonable arrangements. The option of a Time to Pay agreement was also viewed as helpful as it provided customers with sufficient time to make their payments in a sustainable way. Part of the reason customers viewed their adviser as helpful was related to customers relative inexperience in dealing with HMRC. Customers went into the call unsure of what to expect and reported that advisers were helpful in explaining the situation and guiding them to a solution. Again, customers with more previous experience were less likely to find the adviser helpful and were more likely to view the situation as routine.

“I found it really, really helpful and it was better than wasting money on an accountant”, Green Channel, SA

Green channel customers generally did not have strong views on the timeliness of their experience with HMRC. They expressed some positive sentiment towards the fact that solutions and arrangements were often reached on the first call they made to HMRC. Furthermore, there were very few situations where customers felt that the situation or negotiation around payments dragged on for a long time. However, broadly customers did not express strong views on the timeliness of the process and feelings were often neutral towards this aspect of the service.

“It was roughly what I would have expected”, Green Channel, VAT

3.6 Impacts of the service

Customers reported feeling reassured by HMRC when they made contact and spoke to an adviser over the phone. This experience typically exceeded their expectations and eased some of their concerns about how they might be treated by HMRC. The key element of the service that customers reported as having this reassuring impact was the advisers tone on the call. Because of this reassurance, customers reported that they would feel more confident in contacting HMRC sooner in future. Customers also felt more informed and aware about

their tax obligations and the types of arrangements that HMRC may be able to offer in the future. There was also a sense that if they contact HMRC sooner in future, the issue would get resolved quicker, which would work in favour of both the customer and HMRC.

“Next time I might make the call with more confidence which will enable us to get things sorted earlier”, Green Channel, SA

4. Red channel customers

4.1 Previous experiences with HMRC

Red channel customers were relatively more experienced in dealing with HMRC for debt related issues because, on most occasions, these customers had ongoing debt issues with HMRC in the past. Previous experiences for the customers interviewed were often directly comparable to the red channel process. These included negotiating Time to Pay arrangements, being contacted by HMRC regarding missed payments and querying the timing and value of upcoming tax payments. Based on their experience, red channel customers reported feeling either neutral or negative about their experiences with HMRC in the past. A common complaint was that HMRC had previously been difficult to deal with and had been inflexible in demanding substantial lump sum payments. There were also frustrations around having difficulty in reaching the correct advisers who could address their debt issue.

“[In the past, HMRC] have point blank refused to negotiate”, Red channel, Time to Pay

4.2 Customer process journeys

Contact in the red channel was initiated by HMRC via the red channel letter. This letter had significant impact in capturing customer’s attention and as a result, customers then called HMRC to discuss the issue in detail. Arrangements would then be negotiated during this first call or a subsequent call soon after. Similarly to the green channel customers, Red channel customers did not report calling HMRC pre-emptively. In some rare instances, customers reported receiving a field force³ visit from a HMRC agent. These customers came to arrangements such as lump sum payments and Time to Pay agreements during this visit. Only a very small number of customers interviewed experienced these visits. General views towards the visits were positive however. Customers appreciated the direct engagement and advice and felt positively towards the advisers.

³ A field force visit refers to when HMRC sends one of its debt enforcement officers to the taxpayers’ registered address to discuss their debt.

4.2.1 Red Channel customer journeys

Customers received letters from HMRC asking for payment and emphasizing urgency.



Customers then called HMRC to discuss the issue



Agreement is reached with the advisor on the first call or subsequent call soon after



In a few rare incidents, customers recalled a **field force visit**, during which a time to pay or lump sum payment was arranged



4.3 Expectations and mindset

Red channel customers were experienced in dealing with HMRC for debt related issues and, as a result, had clear expectations for the service they would receive during the process. Often customers specifically expected to be able to arrange a Time to Pay agreement and were hopeful of being able to achieve this. Customers with less experience were less sure of what to expect but were hopeful that they would be given more time to make payments.

“My expectation was hopefully to get some kind of Time to Pay agreement”, Red Channel, Time to Pay

Although they had a clearer idea of what to expect, red channel customers were still stressed and anxious about calling HMRC. Customers typically expected HMRC to be difficult to deal with based on their previous experiences of debt issues and the severity of their current debt situation. Customers were still generally hopeful of coming to a reasonable arrangement. Those with more comparable experience in the past tended to be less anxious.

“Very much worried but my expectation was hopefully to get some kind of Time to Pay agreement”, Red, Time to Pay

4.4 Responses to the letter

As a part of the red channel process, customers were sent a letter to their home address and their business address. Customers who were interviewed generally did not recall receiving a letter to their home address but they reported being prompted to action by the letter they received to their business address.

Customers felt the letter they received captured their attention and prompted them into action almost immediately. The content related to the wide range of powers and avenues of recovery at HMRC's disposal and this motivated them to contact HMRC as soon as possible. They noted that the letter gave them sufficient, clear information to know exactly what they needed to do and how they needed to contact HMRC. Customers also mentioned that the tone of the letter was a noticeable escalation compared with previous communications and this conveyed the severity of the situation they were in. The letter was therefore successful in capturing customers' attention and improving their understanding of the seriousness of their debt issue.

"It was quite blunt but it was appropriate as we owed the money", Red channel, Time to Pay

"It was dead clear who to call and how to establish a payment agreement", Red channel, Time to Pay

There was evidence of more negative responses to the letters from customers however, with some finding the letter worrying. For these customers, it was again the content around the wide range of powers and avenues of recovery at HMRC's disposal that was most striking. The customers indicated they would have preferred more prior warning so that the letter did not come as such a shock; although upon further prompting, customers typically mentioned they had some prior contact via post or telephone. Furthermore, if more prior warning was given, the letter may not have been so effective in encouraging customers' engagement. Therefore, responses to the letter were largely in line with its purpose and intended impact.

4.5 Customer views of the red channel phone call

Customer views towards the red channel phone call were largely similar to those of the green channel. Generally, views were positive regarding adviser tone, knowledge and the questions asked. There were, however, some complaints around some of the specific questions asked and gaps in adviser knowledge.

Red channel customers were generally positive about the tone their adviser had when speaking to them. They described it as formal, professional and, to an extent, inflexible but felt that this tone was appropriate and pertinent to the situation. They also mentioned finding the adviser helpful and sympathetic to their situation. The tone of the adviser had significant impact on customers views towards the service and HMRC overall. Customers typically had a more positive view of HMRC overall after speaking to their adviser. In rare incidents, customers found their adviser difficult to negotiate with and described them as blunt, abrupt, or even rude. However, customers generally attributed this service and behaviour to the specific adviser rather than HMRC as a whole.

“She was totally understanding; she was great and listened to everything I told her. She was sympathetic and trusted me”, Red Channel, Time to Pay

Views on the questions that advisers asked were more mixed. Like their green channel customers, red channel customers felt that the questions asked were very narrowly focussed on the monies owed and the means of repayment. Generally, customers did not have a problem with these questions and felt they were appropriate to the issue and relevant to the conversation. Customers were unhappy, however, with some questions specifically focussed on their personal assets. For example, in some cases, adviser asked customers whether they could remortgage their house or sell their car to meet their debt obligation. Customers were unhappy with the personal nature of these questions and felt HMRC did not have an understanding of the sensitivity around personal assets compared with business assets.

“[I was] Pretty upset they would expect me to remortgage my house or sell a car”, Red Channel, Time to Pay

4.6 Red channel customer views on outcomes and overall service

4.6.1 Outcomes

Red channel customers' outcomes typically resulted in a Time to Pay agreement. Only 1 customer from the sample interviewed opted for voluntary insolvency, and as such we cannot reliably draw conclusions on this particular outcome. Variations of the Time to Pay agreement included a lump sum payment followed by regular payments and informal arrangements to make payments on deadlines set by HMRC. Customers' ability to meet their repayment was mixed. Customers who were unable to meet payment deadlines found that if they contacted HMRC before the payment was due, generally they were able to rearrange the deadline. These customers appreciated that flexibility.

Customers were broadly satisfied with their outcomes and in many instances the flexibility of the agreement exceeded their expectations. They appreciated the flexibility of the repayment time and were relieved not to pay the full amount up front. There was a strong sense that the outcome was fair and worked in the favour of both parties. Customers did however want longer to pay off their debt. They ideally wanted lower monthly payments spread across a longer time period to alleviate the short-term burden and allow them to invest in their business. For example, customers that organised a 12-month Time to Pay typically said they would have preferred a 24-month agreement.

Customers also displayed an appetite for an earlier engagement with HMRC. Customers expressed a retrospective desire to have resolved the issue sooner when their debts were smaller, as they were reassured to a certain degree when they called HMRC. They suggested that HMRC could have contacted them sooner to encourage them to engage sooner.

4.6.2 Overall views on service

Red channel customers were generally positive about the service they received across the process. They typically felt they were treated fairly. There was an appreciation of the fact that the debt owed was their responsibility and HMRC were entitled to ask them to pay it as soon as possible. Customers view on fairness were typically based on the outcomes and Time to Pay agreements. They felt this was a fair way for them to repay the debt and appreciated the flexibility HMRC demonstrated in allowing them to do this. Even customers who were less happy with the service acknowledged they were treated fairly. However, as previously noted, questions around personal assets were deemed to be unfair as they did not distinguish personal from business assets.

“Overall it was fair and the outcomes was helpful”, Red Channel, Time to Pay

There was a feeling that HMRC were helpful throughout the process. Views around helpfulness were based on the tone and behaviour of HMRC advisers and customers were positive about these two elements of the process. The tone of advisers was described as friendly and sympathetic which was helpful in negotiating a suitable arrangement. Customers also generally felt they were provided with sufficient help and support throughout the process.

“They have been very helpful to be fair, at the end of the day we do owe them a lot of money and they are due it”, Red Channel, Time to Pay

Views on the timeliness of the process were reasonably positive among red channel customers. They were pleased at the speed at which the issue was resolved once contact was made and particularly satisfied that they were usually able to negotiate an outcome on the first call. Customers only issue with timeliness was that the issue had not been resolved sooner.

“Very quick, it was resolved in one phone call without much negotiation”, Red Channel, Time to Pay

4.6.3 Impacts of the service

The red channel service intervention was said to have saved businesses from insolvency or winding up. The time to pay agreement was said to have given them time and alleviated temporary cashflow issues enabling them to meet their obligations and to help them move forwards. Customers demonstrated an appreciation of this and valued the fact that HMRC had not demanded the full payment upfront. Customers did however emphasise that the size of the payments meant that their business was held back from growing or developing. They again emphasised that if they had been offered lower payments spread over a longer period this would have helped them manage their cashflow more effectively and would have benefitted the business.

“It has helped give us time but has held our business back quite a bit”, Red Channel, Time to Pay

Another key impact among red channel customers was moving HMRC up the priority list of payment obligations. Both red channel and green channel customers emphasised that they had multiple payment obligations to meet and HMRC would often be a lower priority than other responsibilities like paying staff or suppliers. There was a feeling that after the red channel experience, HMRC would now move further up this priority list as customers wanted to avoid the stress and anxiety they experienced throughout the process. However, customers did suggest that some priorities would always remain above HMRC, with paying staff being a top priority due to a sense of moral obligation. This sense of prioritisation was also evident among green channel customers, although to a lesser extent.

5. Suggestions for improvements

Across both red and green channel customer groups, some common suggestions for improvements were noted. Both groups suggested that customers would benefit from a longer period to pay back their debt. They felt that lower monthly payments spread across a longer period would help the business continue to operate sustainably. They also felt that this would have benefitted HMRC. Both groups also suggested that HMRC advisers should either have better records of individuals with important mitigating personal circumstances or take these into account when customers made them aware of their situation. Among customers who were experiencing serious illness, who recently had a child or who were newly self-employed there was a feeling that HMRC should have some knowledge of this situation and understand why they may have missed payments. Those who experienced issues such as bereavement or illness of a loved one did not necessarily expect HMRC to be aware of this but they did expect it would be factored to their decision-making once they were informed.

Green channel customers were unhappy with the fines and surcharges added to their debt for missed payment deadlines. They felt that these charges were counterproductive as they made their debt issue more acute. Furthermore, they felt that the rules around fines compounding were confusing and unclear. Red channel customer suggested that prior warning should be given before the winding up letters are sent. This would enable them to engage in the issue sooner and would lessen the shock and distress felt from receiving the winding up letter. In most cases, however, businesses would have received some warning prior to their letter.