



HM Revenue
& Customs

What happens if we've paid you too much tax credits

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We have a range of services for disabled people. These include guidance in Braille, audio and large print. Most of our forms are also available in large print. Contact HMRC for more information.

This leaflet explains why overpayments happen and how to pay them back. It also tells you when you do not have to pay them back and how to dispute an overpayment.

Introduction

An overpayment means we've paid you more money than you're entitled to.


Mandatory reconsideration

If you think the amount of tax credits is wrong, you can ask us to look at the decision again. This is called mandatory reconsideration and you should contact us within 30 days of the date shown on your decision notice. If you have a good reason, we may give you more time. We cannot accept a request dated 13 months or more after the date of our decision. You can also ask us to look at any penalty we've imposed in connection with your tax credits claim or interest we decided to charge on your overpayment.

When we've looked at the decision again we'll send you a Mandatory Reconsideration Notice explaining what we've done. This will include all the information you need to appeal to the Tribunal in England, Scotland and Wales or The Appeals Service in Northern Ireland, if you're still unhappy with our decision. In England, Scotland or Wales, you can appeal to the Tribunal direct without first requesting a mandatory reconsideration. You might also be able to appeal direct in Northern Ireland. You must appeal to the Tribunal or Appeals Service in writing and within one month (30 days in Northern Ireland) of the date of your decision notice, or of your Mandatory Reconsideration Notice if you have asked us to look again at our decision.

We'll put any recovery action on hold while we carry out the reconsideration or while your appeal is being considered. For more information read our factsheet WTC/AP, 'What to do if you think your Child Tax Credit or Working Tax Credit is wrong'.

 Go to GOV.UK and search for WTC/AP

 If you made a claim for Universal Credit (UC) or Pension Credit (PC) and your mandatory reconsideration or appeal is successful, we'll only pay you tax credits up to the day before you made your claim for UC or PC, or up to 5 April 2025 if this is before your UC or PC claim. This is because UC or PC replaced tax credits. If you claimed UC or PC, tax credits will have stopped even if you were not entitled to UC or PC.

When you should dispute an overpayment

If you think our decision is right, but you do not agree that you should repay the overpayment, read pages 4 to 12 of this leaflet. The information will help you decide whether to dispute our decision to recover the overpayment.

Contact us (read page 15) if:

- you do not agree that you've been overpaid
- you're not sure about disputing the decision to recover an overpayment
- you're not sure whether to ask for a mandatory reconsideration against the decision that caused the overpayment

How we worked out your tax credits

Tax credits was dependant on your income and your family circumstances. If your income or family circumstances changed, your entitlement or the amount we paid you, may have changed.

Tax credits was paid for a tax year - from 6 April one year to 5 April the next. When we first worked out what to pay you, we looked at your family's circumstances at the time and your income for the previous tax year.

After 5 April each year, we sent you a renewal pack asking you to:

- check the information we held about you was up to date
- tell us how much income you had in the previous tax year

If your tax credits award was renewed automatically and you were in PAYE employment, we may have used income figures given to us by your employer.

We will have sent you an annual declaration form which we may have asked you to fill in and return to us. We would use this to work out the actual amount due to you for the year that had just ended, and the amount for the year that started 6 April.

How an overpayment happens

An overpayment can happen if:

- you did not give us the right information either when you claimed or when you completed your annual declaration
- you were late telling us about a change in your circumstances
- your income in 2024 to 2025 is more than £2,500 higher than it was in 2023 to 2024
- you gave us an estimated current year income which turned out to be too low
- you gave us wrong information when you told us about a change in your circumstances or income

Changes in your circumstances or income

- we made a mistake when we recorded the information you gave us
- we did not act on information you gave us

You should have kept us up to date with any changes in your income and your family circumstances. The law says that you must tell us about certain changes within one month of them happening.

Sometimes it might not be clear exactly when there has been a change so you must have told us within one month of the date when you realised a change had happened.

Use the checklist TC602(SN) 'Check your tax credits award notice now' to see what changes you need to tell us about. We sent this with your award notice. If you need to tell us about a change, you may find it helpful to keep a note of the date you contacted us, the name of the person you spoke to and details of the change.

After you tell us about a change we'll work out the new amount you're due and send you a new award notice.

If a change of circumstances meant you had already received more than we estimated for your full year award, your tax credits payments will normally stop.

If you started living with a partner, you separated from your partner or your partner died

You must have told us within one month if:

- you married or entered into a civil partnership or started living with someone as though you were married or in a civil partnership
- you were married, or in a civil partnership, and you separated legally or in circumstances likely to be permanent
- you stopped living with someone as though you were married or in a civil partnership
- your partner died

Your claim would legally end in these circumstances.

Tax credits has been replaced by Universal Credit.

Tax credits payments stopped on 5 April 2025.

For more information go to:

- Universal Credit, www.gov.uk/universal-credit
- Pension Credit, www.gov.uk/pension-credit

Tax credits have ended

Our responsibilities and yours

To help get your award right and avoid building up an overpayment, it was important that we met our responsibilities and you met yours.

Our responsibilities

We should:

- have given you correct advice based on the information you gave us when you contacted us for information
- accurately record and use the information you gave us to work out your tax credits and pay you the correct amount
- include information you gave us about your family and your income when we sent you an award notice - if you told us that there was a mistake or something missing on your award notice, we should have put it right and sent you a corrected award notice
- accurately record what you told us and sent you a new award notice within 30 days when you told us about a change of circumstance - the 30 days does not start until we get all of the information we need from you to make the change so it's important you gave us all of the information about a change

Your responsibilities

You should:

- give us accurate, complete and up-to-date information
- tell us as soon as possible about any changes in income and circumstance, so we have accurate and up-to-date information to reduce the chance of an overpayment happening
- let us know as soon as possible if you do not get an award notice within 30 days of telling us about a change in circumstance
- check your award notice using the checklist TC602(SN) we sent with it, and tell us straightaway if anything is wrong, missing or incomplete

You must tell us about some changes within one month of them happening - these are listed on the back of the checklist.

The main details we expect you to check are:

- if it's a joint award (for you and your partner) or a single award (based on your individual circumstances)
- the hours you worked
- if you got Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit

- that a disability element is shown if you, or anyone in the household, was entitled to it
- the number and age of any children in your household
- any childcare costs
- your total household income for the period shown on the award notice

We'll send you a corrected award notice if you tell us anything is wrong, missing or incomplete.

Check your payments matched those shown on your award notice, and tell us if any do not.

If anything is wrong, missing or incomplete you must tell us straightaway. Make a note of when you got your award notice and when you told us about the mistake. We may ask you for this information to show that you acted within 30 days.

If you have difficult personal circumstances that mean you cannot check your award notice or bank payments, for example, a member of your family has been seriously ill, let us know if anything is wrong, missing or incomplete as soon as possible. Also tell us the reason why you're reporting this late.

If you do not understand your award notice, contact HMRC (read page 15).

If we failed to meet our responsibilities

If we failed to meet our responsibilities, but you met all of yours, we would not ask you to pay back all of an overpayment caused by our failure.

You must still have told us about any mistakes on your award notice within 30 days of the date on it. If you did, then you'll not be responsible for an overpayment caused by our mistake. If you told us about a mistake more than 30 days after the date on your award notice we may ask you to pay back an overpayment up to the date you contacted us.

Example 1

On 1 September you tell us about a change in your circumstances but we do not change your award until 16 October. We'll not collect back any overpayment that arises after 30 September.

Example 2

On 12 August you tell us about a change in your income. We send you a new award notice which you get on 19 August, but we've not correctly recorded the information you gave us. If you spot this and tell us about the mistake by 18 September (30 days from 19 August) we'll correct your award and not collect any overpayment caused by our mistake.

Example 3

On 12 August you tell us about a change in your income. We send you a new award notice which you get on 19 August, but we've not correctly recorded the information you gave us. If you spot this and do not tell us about the mistake until 27 September (39 days from 19 August) you may be responsible for the overpayment up to the date you contacted us.

If we did not correct a mistake at the time that you told us about it, we would not collect any overpayment that built up from the date you told us to the date we corrected it.

If you failed to meet your responsibilities

If you failed to meet your responsibilities, but we met all of ours, we would normally ask you to pay back all of an overpayment. For example, if you told us about a mistake on your award notice more than 30 days after the date on your award notice, then you may have to pay back an overpayment which had built up until the time you contacted us. But also read 'Exceptional circumstances' below.

If we both failed to meet our responsibilities

If we both failed to meet our responsibilities, we would look at what happened and may write off part of an overpayment.

If we both met our responsibilities

If we both met our responsibilities, we would usually ask you to pay back the overpayment.

Example 4

On 12 August you told us your income increased from 15 July. We updated your tax credit record on 11 September. We'll still ask you to pay back any overpayments made during the period 15 July to 11 September.

If it took you some time to tell us we did not meet our responsibilities

We ask you to tell us about any mistakes we've made within 30 days of the date on your award notice. If you did not tell us within 30 days, we would ask you to pay back an overpayment up to the date you told us.

Exceptional circumstances

We understand that exceptional circumstances may prevent you from meeting your responsibilities on time. For example, you or a close family member may have been seriously ill so you could not report a change, check your award notice or tell us about our mistake within 30 days of the date on your award notice.

Let us know, as soon as it becomes possible, if you think this applies to you, or if you're not sure whether we've made a mistake.

If you do not understand why there's an overpayment, contact us. We can give you an explanation over the phone or in writing. Our leaflet WTC8, 'Why overpayments happen' gives more information about things that can cause overpayments. You can get a copy:

- go to GOV.UK and search for WTC8
- by contacting HMRC (read page 15) if you do not have access to the internet

If you're not able to manage your own tax affairs, handle money or understand or complete forms, you can get another person to act on your behalf. We call these people appointees.

Appointees

Appointees can sometimes be appointed by:

- a court or government department, for example the Department for Work and Pensions
- you, if you need help in dealing with your tax affairs
- a carer, a voluntary sector organisation or a mental health or social care professional who would be able to act in all dealings with us

For more information, go to www.gov.uk/getting-help-with-your-tax-credits-claim/appointees

How to dispute an overpayment

Challenging the recovery of an overpayment

If you do not agree that we should ask you to pay back an overpayment, you can ask us to look at this again. We call this disputing an overpayment. To do this, complete and return form TC846, 'Tax credits overpayment'. You can get a copy:

- go to GOV.UK and search for TC846
- by contacting HMRC (read page 15) if you do not have access to the internet

You can write to us instead, but you must make sure you give us full details including:

- in what tax year the overpayment being disputed happened
- if and when you contacted us
- why you think the overpayment happened
- why you think you should not have to pay back the overpayment

Usually you must dispute recovery of an overpayment within 3 months from the date of:

- your final decision notice
- the decision on your Annual Review notice
- your Statement of Account
- the decision on your Award Review notice (if your award is ended automatically due to a claim for Universal Credit)
- the letter which gives you our decision on your mandatory reconsideration
- the letter from the Tribunals or Appeals Service which gives you their decision on your appeal

You can only dispute recovery of an overpayment that happened in the tax year the notice or letter relates to. You'll not normally be able to dispute overpayments from earlier tax years. We'll only accept a late dispute in exceptional circumstances, for example, if you were in hospital for that 3-month period. If you do send us a dispute, we'll continue to seek recovery of the overpayment while we're considering your dispute.

If we later change our decision and you receive another decision notice for the same year, you have 3 months from the date of that notice to dispute recovery of an overpayment.

Example 5

Mary and Alan have overpayments from 2013 to 2014 and 2014 to 2015 tax years. They're paying the overpayments back from their tax credits award in 2017 to 2018. They were late reporting a change of circumstances in 2017 to 2018 and there's a new overpayment shown on their final 2017 to 2018 award notice. Their final award notice also shows the overpayments from the earlier tax years.

Mary and Alan have 3 months from the date of their 2017 to 2018 decision notice to dispute the new overpayment only. But they'll not be able to dispute the overpayments from 2013 to 2014 and 2014 to 2015 tax years.

Historic debt

You'll have been informed on past notices that if you want to dispute an overpayment, you should do so as quickly as possible. You cannot dispute overpayments from previous awards where it's been more than 3 months since you received your final decision notice. But if you did not dispute the overpayment in time because of exceptional circumstances, such as being in hospital, we'll consider the dispute.

If you've received a final decision notice from us in the last 3 months, you'll only be able to dispute the overpayment occurring in the tax year the notice relates to.

You'll only be able to dispute the overpayment in the 3 months after you received the final decision notice relating to your previous award. Read page 12 'Paying back an overpayment'.

Example 6

You receive your tax credits renewal pack on 21 May 2018 which requires you to confirm family circumstances and income for the previous 12 months ending 5 April 2018. You check your household details and decide you have no changes to report. We then send out a final decision notice on 15 August 2018. This shows you have been overpaid tax credits because your eldest child left school in September 2017 though your award was only changed in January 2018.

You do not notice the information about the overpayment until December 2018 when you realise your monthly tax credits payments are being reduced to pay it back. You agree there's been an overpayment but believe you should not have to pay it back because you told HMRC about your daughter leaving school in September 2017 and we did not change your award until January 2018. You had 3 months to dispute the overpayment from 15 August 2018, when we sent the final decision notice. This means that you needed to dispute the overpayment by 15 November 2018.

As you're now out of time you cannot dispute the overpayment unless you can show there were exceptional circumstances for missing the deadline, such as being in hospital.

If we get a decision wrong

In some cases we may revise the decision which caused the overpayment. We can only do this if the decision is incorrect, as a result of an error by us and we find that you did not materially contribute to the error. We call this type of error an 'official error'. However, we'll not revise a decision which is incorrect due to official error if more than 5 years have passed from the date of the decision, or if the revised decision would not be in your favour.

If a dispute is found in your favour, we'll send you a revised award notice and refund any amount that has already been recovered.

Example 7

You have received Working Tax Credit since 2012. You became entitled to Disability Living Allowance in 2013 and contacted us to update your records and claim the disability element of Working Tax Credit.

We incorrectly told you that you were not entitled to the disability element and decided not to make the change you reported. In 2015 you visited Citizens Advice with a query about your tax credits award. The adviser noticed that you qualified for the disability element but it was not included on your award. You contacted us and asked about our original decision in 2013. Since our decision was wrong, solely because of our error, your awards would be revised all the way back to 2013.

How we decide if you should pay back some or all of an overpayment

When we're deciding if you should pay back an overpayment we'll check:

- that we accurately recorded and acted on any information you gave us within 30 days of you telling us about a change of circumstance
- that we accurately worked out and paid you your correct entitlement
- that the information we included on your award notice was accurate at the date of the notice
- what you told us if you contacted us, and whether the advice we gave you based on that information was correct
- whether you contacted us to discuss any queries on your award notice, and whether we answered them correctly
- that you gave us accurate and up-to-date information when you claimed tax credits
- that you told us about any changes of circumstance at the right time
- that you told us about any mistakes on your award notice within 30 days of the date on your award notice
- that you checked the payments you got matched the amounts on your award notice and if not, that you told us within 30 days of the date on your award notice
- if you told us of any exceptional circumstances that meant you could not tell us about a change of circumstance or about our mistake within 30 days

After we've checked that we've met our responsibilities and you've met yours, we'll decide if you must pay back:

- an overpayment
- all or only part of an overpayment

We'll normally give you our decision, along with our reasons, in writing. However, we'll not stop collecting an overpayment while we do this.

We may not ask you to pay back an overpayment if you contacted us to tell us that your exceptional personal circumstances meant you could not check your award notice or bank payments. For example, a member of your family may have been seriously ill. If this is the case let us know as soon as possible.

If you still think you should not pay back an overpayment

If you're still unhappy that we've decided to continue collecting an overpayment, you can ask us to look at the decision again if you give us new and relevant information. You can only ask us to review the decision once and you'll have to do this within 30 days of receiving your dispute decision letter. Your overpayment will continue to be collected while we do this. We'll only accept a late request for a review in exceptional circumstances, for example, if you were in hospital for that 30 day period.

If you do not have any new information to give us, but you're still unhappy with our decision, you can contact a professional adviser or organisation, for example, Citizens Advice. You can consider what options are open to you, including any through the courts.

If you're not happy with our service, read 'Customer service' on page 15.

Paying back an overpayment

We may collect back an overpayment from you in a number of ways including:

- asking you to make direct payments to us
- adjusting your tax code

If you get Universal Credit or Pension Credit, we'll have asked the Department for Work and Pensions (DWP) or the Department for Communities (DfC) (if you live in Northern Ireland) to recover your tax credits overpayment.

In exceptional circumstances we may recover the overpayment directly from your bank account. In some exceptional cases we may ask you to do more than one of the above.

By direct payment

We'll ask you to make a direct payment to us, if your tax credits award ends - this can happen if there's a change in your household, for example, you were in a couple and now you're single.

Asking for more time to pay back a direct payment

If we've asked you to pay back an overpayment from a previous award directly, but you need more time to pay it back, phone our Payment Helpline on 0345 302 1429 as soon as possible. We may be able to arrange for you to pay it back in equal instalments. If you would like more details on different direct payment options, tell us when you phone.

By an adjustment to your tax code

If you're in PAYE employment or getting pension income and have a tax credits overpayment, we may be able to adjust your tax code to collect your overpayment. We'll write to you and let you know if we can collect your overpayment this way. If we do write to you and you would prefer not to have your tax code adjusted, you can contact us to pay in full or agree an instalment arrangement. The amount that's recovered depends on your income.

If you claim or claimed Universal Credit or Pension Credit

If you claim or have claimed Universal Credit or Pension Credit we may transfer or have transferred your tax credits debt to the DWP or the DfC, so they can recover it from your Universal Credit or Pension Credit payments unless they tell you otherwise. If we previously agreed a payment plan with you, this would stop and the method and/or rate of recovery made by DWP or DfC may differ from HMRC's. If this is going to happen, we'll write to you with more details. For more information go to www.gov.uk/tax-credits-overpayments

Financial hardship

If you need to discuss financial hardship with us, contact us to explain.

We may ask you about any family circumstances that may lead to extra living costs. For example, if you're looking after someone who is chronically ill or disabled. In some exceptional circumstances, we may cancel an overpayment altogether.

If you cannot pay for your essential living expenses

Phone the Payment Helpline on 0345 302 1429 if you cannot pay for your essential living expenses such as your rent, gas or electricity and:

- you're paying back an overpayment directly
- we've asked you to pay back an overpayment

We'll ask you for more information about your circumstances, including your income and living costs, to see if we can adjust your payments. Once we have this information, we aim to make a decision within 2 working days.

If you're repaying your overpayment through a direct payment, we may ask if you want to pay it back over a longer period of time.

If you cannot pay for your essential living expenses and you're getting Universal Credit or Pension Credit, you should contact the DWP or the DfC.

If you and your partner separate

You must have told us within one month if you and your partner separated. Your joint tax credits claim will end, and we'll work out if you've been overpaid. If you have, we'll write to you both to:

- tell you how much we've overpaid you by
- ask you to contact us to arrange to pay back the money

You and your ex-partner are both responsible for paying back any overpayment from your joint claim. The letter sent to each of you will show the total overpayment that you both owe.

You should try to agree with your ex-partner how much each of you should pay. The options are that:

- each of you pays half
- each of you pays a different amount
- one of you pays the full amount

When you've reached an agreement with your ex-partner, you should both phone the Payment Helpline on 0345 302 1429 to arrange repaying the overpayment. You'll then get a letter confirming what you have to pay back.

You might not be able to talk it over with your ex-partner, either because you do not want to contact them or you do not know where they are. Even if you do speak to them, you might not be able to agree on what each of you should pay back. If this happens, you should speak to the Payment Helpline as quickly as possible. You'll then be asked to pay back half of the overpayment, with your partner being asked to pay back the rest. You'll not be asked to pay back more than half of the overpayment.

Contact us

When you contact us tell us:

- your full name
- your National Insurance number
- a daytime phone number

By phone

HM Revenue and Customs 0345 300 3900

Payment Helpline 0345 302 1429

Relay UK

(if you cannot hear or speak
on the phone) 18001 0345 300 3900

If you prefer to speak in Welsh 0300 200 1900

Outside UK +44 2890 538 192

In writing

Tax Credit Office

HM Revenue and Customs

BX9 1ER

Help and support

**Help from HMRC
if you need
extra support**

For information about getting extra support if your health condition or personal circumstances make it difficult when you contact HMRC, go to www.gov.uk/get-help-hmrc-extra-support

Free debt advice

If you're struggling to pay your bills you can get free debt advice at www.gov.uk/debt-advice

Customer service

For information about our complaints procedure,

 go to www.gov.uk/complain-about-hmrc

**Your rights
and obligations**

'HMRC Charter' explains what you can expect from us and what we expect from you. For more information,

 go to www.gov.uk/government/publications/hmrc-charter

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

HMRC CDIO CEPO

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