“Your most unhappy customers are your greatest source of learning”

— Bill Gates
### Contents

- **Our Purpose, Vision and Aim** 3
- **The Adjudicator’s foreword** 4
- **The role of The Adjudicator** 6
- **Equality monitoring survey** 7
- **The complaint process** 8
- **Workload 2014-15** 10
- **HM Revenue and Customs** 12
- **Stakeholder feedback** 21
- **Valuation Office Agency** 22
- **International connections 2015** 25
- **The Insolvency Service** 26
- **Customer feedback** 29
- **Office update** 30
- **How we are organised** 32
- **Finance 2014-15** 33
- **How to contact us** 34
Our Purpose

We investigate complaints from individuals and businesses unhappy about the handling of their complaint by HM Revenue and Customs, the Valuation Office Agency, The Insolvency Service or HM Treasury, or Pension Wise.

Through constructive feedback we help these organisations achieve a better understanding of customer needs and improve complaint handling.

Our Vision

We are recognised as experts in our field who act professionally, efficiently and add true value to the complaint handling process.

Our Aim

To provide a service that is:
• accessible;
• clear to customers;
• flexible;
• open and transparent;
• proportionate;
• efficient; and
• delivering quality outcomes.
The Adjudicator’s foreword

I am very pleased to present my annual report for the year 1 April 2014 to 31 March 2015. This is my final report before I step down, after almost seven years in office. It is the 22nd report in the history of the Adjudicator’s Office.

I thought it would be useful to begin by sharing our journey over the past six years. When I took up office in April 2009 things were not in a good place at all. I inherited a backlog of 2,000 cases and faced an additional burden of high numbers of new cases coming in each month: a very daunting mountain of work with what seemed an almost unreachable summit.

The arrival of a new Head of Office, Margaret Allcock, in the autumn of 2009 enabled me to develop a challenging but realistic five-year strategic plan, with stretching performance targets for our recovery. We were open and honest with our customers, by explaining that we might not be able to deal with some complaints as quickly as we would wish, while we brought our workload up to date. However, we soon achieved a significant improvement in the quality of customer service delivered:

“I would sincerely like to thank you for your in depth investigation, in actually understanding my complaint and your continued efforts in bringing my case to an acceptable conclusion.”

Customer feedback, the Adjudicator’s Office Annual Report 2011.

In addition, we benchmarked the Adjudicator’s Office against other Ombudsman and complaint handling organisations and I was successful in bringing greater clarity and transparency around some departmental procedures, such as HM Revenue and Customs (HMRC) Extra Statutory Concession A19.

Over the years my office has adapted extensively to firmly embed a performance culture. As our volumes of work continued to peak, we have mentored and trained new recruits as well as expanding from two to six offices, investigating and closing significantly more cases to the high quality standards I set. Throughout my stewardship, I have championed the needs of vulnerable customers, feeding back strong lessons for learning and service improvement.

My challenge to the departments has always been to achieve a fundamental shift in their approach to complaint handling: to establish a mind-set of responsibility for resolution of complaints away from treating them as simply something to be cleared. My role should be to consider the most sensitive and complex cases, not handle routine matters well within the capability of departmental staff to resolve.

Disappointingly, during 2012-13 and into 2013-14 the number of complaints being referred to me by HMRC customers reached an all-time high. The volume of work was unprecedented in the 20 year history of The Adjudicator role and was in danger of becoming irrecoverable. So we had little choice but to embark on a Two-Year Recovery Plan: not just to clear the huge volume of cases on hand, but to keep pace with the flow of new incoming cases, as well as achieving my strategic aim around refining processes to minimise customer waiting times.

My staff rose to this major challenge, including coping with a disproportionate and unexpected increase in complaints from HMRC Benefits & Credits (B&C) customers in the latter part of 2014-15, alongside a gradual reduction in our staff complement from 134 at the start of 2013-14 to fewer than 80 staff by the end of 2014-15. At 31 March 2015 we had only 731 complaints on hand in total: 676 about HMRC, 29 about the Valuation Office Agency and 26 about The Insolvency Service (and the majority of these were working investigations).

The departments have made inroads to consolidate learning and transform complaint handling. However, the achievements are still not uniform across all parts of each department and the coming year will be very challenging for senior managers to bring all aspects of complaint handling up to the standard of the best, without any areas slipping backwards. For example, the inconsistencies in performance shown by HMRC B&C during the past year suggest to me a somewhat limited appetite for reflection and learning from their interaction with customers.
A failure to embed change may be costly for the departments and their customers. I hope the experience of the last year will help B&C drive improvements in complaint handling. The push to consolidate change and drive improvements further becomes even more critical when considering the customer impact of changes, such as the wider digital agenda. I am pleased that HMRC are bringing their Charter more to the fore, particularly as some customers are starting to make reference to it. Recently, I was asked to become the independent reviewer for complaints about HM Treasury, Pension Wise. I am glad the value of my role and the high standard of work we deliver have been recognised in this way. It is early days yet, but this sends a very positive message about striving for high standards of customer service from the Pension Wise team.

Alongside the resolution of complaints, I remain active as a member of the Executive Committee of the Ombudsman Association. Most recently I hosted visitors from the office of the newly established South African Tax Ombud, and shared the benefits of our expertise and experience. In addition, Margaret and I led a very thought provoking seminar with international Ombudsmen, as part of the Public Administration International study programme chaired by Sir Tony Redmond.

I have enjoyed the role of Adjudicator and feel confident that my successor will be inheriting sound working relationships with all four departments, based on a common vision of the need for learning and improvement. I would like to give special thanks to all the managers and staff in my office, for their hard work across the years: their sustained adaptability, professionalism, and commitment. In particular, my thanks go to Margaret for her strong leadership.

I am pleased to leave the office workload in the best state it has been in for a decade and am sure the role of Adjudicator will continue to be of benefit to customers and the departments into the future.

11,638 enquiries handled this year
1,850 complaints resolved this year

“First and foremost, I would like to thank you for investigating my case and bringing forward a fair outcome. I am grateful that the Adjudicator’s Office continues to offer a fair and impartial service to those who are not able to receive any such help.”

Customer

Judy Clements OBE
The Adjudicator
The role of The Adjudicator

The role of The Adjudicator was created because HM Revenue and Customs (HMRC), the Valuation Office Agency (VOA) and The Insolvency Service decided to introduce an independent tier of complaint handling, providing customers with a higher level of service and giving departments the opportunity to learn lessons and make improvements. We are pleased HM Treasury, Pension Wise have elected to have this level of scrutiny too.

There are no targets for the number of cases upheld and all final decisions on cases are made by The Adjudicator herself.

While there are some areas that The Adjudicator cannot consider, such as disputes about aspects of departmental policy and matters of law, she can look at complaints about:

- mistakes;
- unreasonable delays;
- poor and misleading advice;
- inappropriate staff behaviour; and
- the use of discretion.

During 2014-15, The Adjudicator was supported by staff in five locations: Derby, Liverpool, London, Newcastle and Nottingham. The majority of our staff are specialist investigators who review each complaint and the evidence in detail.

During our investigation of a complaint, we have no authority to ask a department to suspend any action such as pursuing debt or calculating interest.

Learning from complaints

A vital part of my role is to ensure that any learning from complaints is understood and shared. I do this in a number of ways.

On a case-by-case basis, every time I uphold any aspect of a complaint, I write a detailed personal letter to the senior manager responsible for that particular work area. I ask them to notify me in writing after they have taken the corrective action. This provides a clear audit trail for accountability and improvement as well as providing the departments with the opportunity to address any common trends.

I also take steps to ensure we keep up to date with changes in policies and processes that could have an impact on our customers. These include attending meetings of professional bodies, policy experts, staff and stakeholders. I look for recurring themes in the complaints I see to identify systematic failures.

Over the past year I have been very pleased to see the departments applying some of the learning from previous years, though there is still significant work to do in certain areas.

Discretion

In my 2014 Annual Report I said that one of the most important parts of my remit is to encourage and challenge departments on the use of discretion. I went on to highlight that this was likely to remain one of the most complex areas for customers to understand. This is because discretion (such as Extra Statutory Concessions) exists to ensure the impact of legislation is not disproportionate for particular individuals. It is critical that discretion is considered early, applied fairly and is proportionate in all cases. If I find a department could have exercised discretion sooner in the complaint process, I will uphold part or all of the customer’s complaint.

My investigations are not a quick fix. This is why I continue to push the departments to improve quality in complaint handling, so customers only feel the need to escalate the more sensitive and complex complaints to me. Departments can resolve complaints by using their discretion appropriately, but also by clearly articulating their rationale for decisions (with reference to the relevant legislation, policy or guidance), so customers can verify the facts and better understand the process.
Equality monitoring survey

We continue to monitor our customer base following the introduction of the Equality Act in October 2010. From the responses received we can see:

**Age**

- 16-24: 1%
- 25-34: 8%
- 35-44: 25%
- 45-54: 22%
- 55-64: 21%
- 65+: 21%
- Age not disclosed: 2%

**Disability**

- No disability: 30%
- Disabled: 3%
- Not declared: 67%

**Gender**

- Male: 57%
- Female: 42%
- Not declared: 1%

Our sample of responses is small. However we continue to monitor the findings closely to ensure that no specific groups are disadvantaged.

* Percentages have been rounded.
The complaint process

How to make a complaint

The Adjudicator’s Office cannot consider a complaint until the customer has completed stages 1 and 2 of the department’s own complaint process.

Stage 1
Contact local office
Department’s initial review

Stage 2
Second review
Department’s internal review

Stage 3
Adjudicator’s Office
Independent review

Stage 4
The Ombudsman
Final review

If customers are unhappy with the service they have received they may ask for a formal review of their complaint.

If the complaint is still not resolved, the customer may ask for a second review, which is a fresh look at their complaint and gives them the department’s final response.

If the customer remains unhappy, then they may approach the Adjudicator’s Office. The complaint will be investigated to draw together a full and impartial summary of details from the customer and the department. The Adjudicator provides an independent review of the details and makes her recommendation.

Customers who remain unhappy can ask an MP to refer their complaint to the Parliamentary Ombudsman. The Ombudsman will decide whether to investigate the complaint and, if she decides to do so, her investigation may also look at the way in which the Adjudicator’s Office has reviewed the complaint.

Cases received

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>2014-15</th>
<th>2013-14</th>
<th>2012-13</th>
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</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>1,102</td>
<td></td>
<td></td>
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<tr>
<td>2013-14</td>
<td>1,131</td>
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<tr>
<td>2014-15</td>
<td>1,162</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Line chart of Cases received

- Yellow: 2014-15
- Teal: 2013-14
- Pink: 2012-13

Yearly totals:
- 2012-13: 1,102
- 2013-14: 1,131
- 2014-15: 1,162
The process in the Adjudicator’s Office

**First contact**
At this stage our staff give help, support and guidance on complaint issues relating to the departments and the role of our office. We assess the complaint to see if it is ready for us to accept.

11,638 enquiries received in 2014-15

**Cases ready for investigation**
We ask the relevant department to provide a report about their handling of the complaint and the reasons for their decisions. We review the customer’s complaint and all the relevant evidence alongside the department’s papers, guidelines and procedures.

1,102 new complaints for investigation in 2014-15

**Resolution by mediation**
Mediation is the process where both parties reach an agreement on how a case may be settled. Our investigator reviews the complaint and, if there is scope to propose a mediated settlement, they will work with the customer and the relevant department to achieve this on behalf of The Adjudicator.

39% of complaints were mediated in 2014-15

**Resolution by recommendation**
Where there is little scope for mediation, the investigated case will be presented to The Adjudicator. The Adjudicator will review the case in detail. She will write to the customer and the relevant department outlining her views together with any recommendations.

1,850 complaints were resolved in 2014-15

**Further review**
A few customers may remain dissatisfied with the outcome of their case. The Adjudicator will only reconsider an earlier decision if new evidence, fundamental to the complaint, is provided.

**The Ombudsman**
If a customer remains unhappy they can ask an MP to refer their complaint to the Parliamentary Ombudsman.
### Workload 2014-15

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases awaiting investigation 1 April</td>
<td>1,479</td>
<td>2,698</td>
<td>1,465</td>
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<tr>
<td>New cases for investigation</td>
<td>1,102</td>
<td>1,131</td>
<td>2,612</td>
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<tr>
<td>Cases resolved</td>
<td>1,850</td>
<td>2,350</td>
<td>1,379</td>
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<td>Cases awaiting investigation 31 March</td>
<td>731</td>
<td>1,479</td>
<td>2,698</td>
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</table>

New cases for investigation by department

<table>
<thead>
<tr>
<th>Department</th>
<th>2014-15</th>
<th>2013-14</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>HM Revenue and Customs</td>
<td>1,044</td>
<td>27</td>
<td>31</td>
</tr>
<tr>
<td>The Insolvency Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation Office Agency</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,102</strong></td>
<td></td>
<td></td>
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</table>
## Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Not upheld</th>
<th>Partially upheld</th>
<th>Substantially upheld</th>
<th>Withdrawn</th>
<th>Reconsidered</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HMRC</strong></td>
<td>232</td>
<td>861</td>
<td>682</td>
<td>32</td>
<td>1</td>
<td>1,808</td>
</tr>
<tr>
<td><strong>The Insolvency Service</strong></td>
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<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td><strong>VOA</strong></td>
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<td>15</td>
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<td>1</td>
<td>0</td>
<td>35</td>
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<tr>
<td><strong>Total</strong></td>
<td>254</td>
<td>877</td>
<td>685</td>
<td>33</td>
<td>1</td>
<td>1,850</td>
</tr>
</tbody>
</table>

## Methods of settlement

<table>
<thead>
<tr>
<th></th>
<th>Reconsidered</th>
<th>Recommendation</th>
<th>Mediation</th>
<th>Withdrawn</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HMRC</strong></td>
<td>1</td>
<td>1,074</td>
<td>701</td>
<td>32</td>
<td>1,808</td>
</tr>
<tr>
<td><strong>The Insolvency Service</strong></td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td><strong>VOA</strong></td>
<td>0</td>
<td>34</td>
<td>0</td>
<td>1</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1</td>
<td>1,115</td>
<td>701</td>
<td>33</td>
<td>1,850</td>
</tr>
</tbody>
</table>

## Redress (£)

<table>
<thead>
<tr>
<th></th>
<th>Worry and distress</th>
<th>Poor complaint handling</th>
<th>Liability given up</th>
<th>Costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HMRC</strong></td>
<td>91,065</td>
<td>152,902</td>
<td>2,629,197</td>
<td>123,605</td>
<td>2,996,769</td>
</tr>
<tr>
<td><strong>The Insolvency Service</strong></td>
<td>0</td>
<td>375</td>
<td>0</td>
<td>0</td>
<td>375</td>
</tr>
<tr>
<td><strong>VOA</strong></td>
<td>750</td>
<td>150</td>
<td>0</td>
<td>0</td>
<td>900</td>
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<tr>
<td><strong>Total</strong></td>
<td>91,815</td>
<td>153,427</td>
<td>2,629,197</td>
<td>123,605</td>
<td>2,998,044</td>
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</tbody>
</table>
HM Revenue and Customs (HMRC) make sure that money is available to fund the UK’s public services and help families and individuals with targeted financial support.

For this year’s report we have again decided to bring together all of the details relating to HMRC customer complaints in one section.

During 2014-15 we received 1,044 new complaints, just slightly fewer than the 1,087 received in 2013-14. We resolved 1,808, upholding 85% either partially or substantially. Our investigators mediated 39% of cases directly between customers and the department.

The Adjudicator is greatly encouraged by the sustained level of senior management commitment to transforming complaint handling, particularly in Personal Tax around PAYE. However, the latter half of 2014-15 saw a rise in complaints from Benefits & Credits (B&C) customers about tax credits. The Adjudicator is concerned that B&C are behind other areas of HMRC. It is important for B&C to handle customer complaints well, and to a level of consistency compatible with the high standards demonstrated by the rest of HMRC, before the move to Universal Credit generates further disruption for customers.

When The Adjudicator agrees to investigate a complaint, she asks HMRC to provide her with a report. She sends a copy of this to the customer before starting her investigation to enable the customer to comment and to provide any additional evidence or information to support their complaint.

During the year The Adjudicator resolved over 1,800 complaints from HMRC customers. The number of PAYE complaints upheld decreased to 91%, but for Tax Credits the upheld rate increased to 93%.

Customers referred most of these complaints to The Adjudicator prior to the recent complaints transformation work undertaken in HMRC and learning from these cases was fed back to help the department improve.

The case studies highlight the variety of issues The Adjudicator reviewed in the complaints resolved. In particular, she remains critical of the number of complaints where HMRC staff failed to consider the circumstances of their vulnerable customers, especially where the department had the opportunity to exercise discretion. Case studies 1, 5 and 6 are examples of these types of issues. The other case studies reflect the wider breadth of areas The Adjudicator investigates, including cases where complaints were not upheld.

HMRC accepted all of The Adjudicator’s recommendations.

On occasion, The Adjudicator may recommend that HMRC pay a monetary sum to customers in recognition of the poor level of service they received, and any relevant costs. The graph below shows the sums recommended this year.

### Outcomes

<table>
<thead>
<tr>
<th>Not upheld</th>
<th>Partially upheld</th>
<th>Substantially upheld</th>
<th>Withdrawn</th>
<th>Reconsidered</th>
</tr>
</thead>
<tbody>
<tr>
<td>232</td>
<td>861</td>
<td>682</td>
<td>32</td>
<td>1</td>
</tr>
<tr>
<td>173</td>
<td>844</td>
<td></td>
<td>65</td>
<td>0</td>
</tr>
</tbody>
</table>

**2014-15 Total 1,808**

**2013-14 Total 2,311**

### Redress paid 2014-15 (£)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worry and distress</td>
<td>91,065</td>
</tr>
<tr>
<td>Poor complaint handling</td>
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</tr>
<tr>
<td>Costs</td>
<td>123,605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£2,996,769</strong></td>
</tr>
</tbody>
</table>
Case study 1 – Failing to understand the customer’s concerns

Issues

Ms A has severe dyslexia. Her correspondence from HMRC is sent by their Visually Impaired Media Unit in a larger font, but adapting correspondence causes delays. Ms A received a letter on 10 February relating to her Self-Assessment tax return, stating payment had to be made by 31 January. She telephoned HMRC to say the letter was received too late for the payment deadline and no payslip was enclosed. HMRC agreed to extend the deadline date but could not send her a payslip within the extended time limit, which meant interest and penalties would be charged. Ms A complained, as she felt this was her only way to resolve the situation.

Outcome

The Adjudicator upheld this complaint.

Ms A wanted to be treated like any other customer. HMRC acknowledged it was unacceptable that making a complaint was the only way to resolve her issue, and agreed this caused Ms A unnecessary worry and distress. Ms A was also upset by phrases used in HMRC’s report to The Adjudicator. The report mentioned a “bespoke service” and a “preferred method” of correspondence, and used the phrases “gesture of goodwill” and “great deal of sympathy”. Ms A felt HMRC had missed the point of her complaint and had no understanding of her requirements. She did not want a bespoke service and pointed out this was not her preferred method of contact, but a necessary adjustment for her dyslexia. The Adjudicator agreed with Ms A’s view and criticised HMRC for their lack of understanding.

Learning

The Adjudicator pointed out that, although Ms A may have different requirements from most of HMRC’s customers, whenever possible she wanted to be treated the same, which is her right. HMRC accepted this and agreed that the wording in their report should have demonstrated a clear understanding of Ms A’s complaint. HMRC updated Ms A’s records to ensure that future advisers are aware of her needs and explained how the Needs Enhanced Support Service may be able to assist her. The Adjudicator was pleased to learn that HMRC have introduced mandatory training for their staff to raise awareness of equality legislation.

Ms A’s complaint was about getting things put right and receiving the service she is entitled to from HMRC. HMRC acknowledged their poor complaint handling, the worry and distress caused and the cost to Ms A in pursuing her complaint. They accepted The Adjudicator’s recommendation to pay substantial redress to Ms A.
Case study 2 – Use of discretion

Issues

Mr B underpaid tax because his code number did not include the correct amount of taxable benefits in kind and because he only paid tax at 20% on his earnings when he was liable to pay at the higher rate of 40%. Mr B’s agent believed HMRC should give up the underpaid tax under their Extra Statutory Concession (ESC) A19. ESC A19 details the limited circumstances in which tax that is legally due can be given up.

Outcome

The Adjudicator partly upheld this complaint.

The Adjudicator identified that HMRC failed to update the tax code correctly with regard to taxable benefits in kind and that the conditions of ESC A19 had been met for part of the underpayment.

However, she also identified that Mr B’s circumstances had changed dramatically since his initial complaint was dealt with by HMRC, in that he was receiving unemployment benefit, going through a divorce and had been forced to move home. He was also undergoing treatment for his mental health. The Adjudicator told HMRC about Mr B’s new situation.

HMRC agreed, in these exceptional circumstances, not to pursue collection of the remaining tax due.

Learning

HMRC accepted they should have reached their decision about ESC A19 much earlier and, in recognition of this, agreed to increase their redress payment to Mr B and pay reasonable costs. In light of Mr B’s changed circumstances, HMRC also made the decision not to pursue the small amount of outstanding tax remaining. The Adjudicator commented that after her investigation, HMRC had clearly taken account of all mitigating factors. She welcomed the final outcome as a good example of their willingness to reconsider use of discretion.
Case study 3 – HMRC error

Issues

When Ms C changed employment during the tax year, HMRC issued an incorrect code number to her new employer. As a result, she did not pay enough tax at the higher rate of 40%, leaving her with a tax bill at the end of the year. Ms C’s agent asked for the tax to be given up under HMRC’s Extra Statutory Concession (ESC) A19.

Outcome

The Adjudicator did not uphold the complaint.

HMRC held information which should have allowed them to update Ms C’s record and issue the correct tax code. Although they accepted they made mistakes which caused the arrears, HMRC realised their errors. They notified Ms C of the situation within 12 months of the end of the tax year in which they received the information indicating more tax was due, preventing a build-up of further arrears. HMRC reviewed the conditions of ESC A19 and found that, as they had taken all possible action to remedy the situation within the specified time limits, Ms C did not meet the criteria which would enable them to give up the tax.

Learning

The Adjudicator explained that even when HMRC have made a mistake, they do not have unlimited discretion to give up tax which is legally due and can only do so when strict conditions are met. She concluded that HMRC had followed their guidance correctly and that the apology made by HMRC, and the redress they had already paid during their complaint process, were reasonable in the circumstances of the case.
Case study 4 – Commodity codes

Issues

During an enquiry into D Ltd, HMRC amended a commodity code used against shipments of pigs’ ears imported by the company from outside the EU for sale as dog treats. The code was amended following an informal discussion with D Ltd which suggested the product was fit for human consumption. The change to the code meant D Ltd had to pay a substantial amount in backdated import duty. The company challenged this and supplied documentation to prove the pigs’ ears had been classified as animal by-products not intended for human consumption, and could not legally re-enter the food chain. HMRC accepted there had been a misunderstanding and that the new commodity code was incorrect. They refunded the duty, but HMRC refused to pay redress or costs to D Ltd.

Outcome

The Adjudicator upheld this complaint.

Although the original decision to amend the commodity code was reasonable, given information noted from the discussion, the company provided a wealth of information to HMRC before the new code was applied to show why it would be incorrect to change it. This included references to two EU regulations, the Food Standards Agency and Department for Environment, Food and Rural Affairs (DEFRA).

HMRC failed to adequately research this new information or discuss it with the company, but went ahead with their decision to change the code. HMRC only accepted the amended code was incorrect following a further review.

When D Ltd complained and claimed redress, HMRC’s view was that the company should bear the cost of the enquiry as D Ltd’s view represented a difference of opinion rather than evidence that HMRC’s decision to change the code was “manifestly flawed”.

The Adjudicator’s view was that HMRC had sufficient information supplied to them to come to the correct conclusion before they applied the incorrect commodity code. She could not agree this was a simple case of difference of opinion, when the factual evidence supplied by the company and backed up by legislation was unequivocal.

Learning

HMRC’s guidance states that the customer should bear the cost of an enquiry unless their decision is manifestly flawed. The department acknowledged they should have considered the information presented by D Ltd in more depth before reaching their decision. HMRC accepted The Adjudicator’s recommendation and agreed to pay redress and costs to D Ltd.
Case study 5 – Tax credit overpayments – exceptional circumstances

Issues

Mr and Mrs E were overpaid tax credits because the calculations by HMRC Tax Credit Office (TCO) included receipt of Income Support in error. They were also overpaid tax credits in previous years because of changes to their household income. Mr E was diagnosed with severe health issues prior to claiming tax credits and intensive treatment continued throughout the period of all overpayments.

Outcome

The Adjudicator upheld this complaint.

The Adjudicator found errors in processing the tax credit claims which caused the overpayments for the later years. Mr E telephoned the TCO immediately after seeing that the calculations incorrectly included Income Support, but the department did not remedy their error. Details of Mr E’s health problems were included in his letters to the TCO, but the severity of the situation and how Mr and Mrs E were affected by it were completely overlooked.

Following The Adjudicator’s intervention, the TCO acknowledged their lack of consideration for Mr and Mrs E’s exceptional circumstances at an earlier point in the process and their failure to recognise the error they made on the award. They agreed to remove the overpayments for all years and pay substantial redress, including the cost of professional fees Mr and Mrs E incurred in pursuing their complaint.

Learning

The Adjudicator wrote to the Director of HMRC Benefits & Credits to point out her serious concerns with the handling of this case. She was pleased to see that the Director wrote a personal letter of apology to Mr and Mrs E.
Case study 6 – Tax credits – impact on the customer

Issues

HMRC Tax Credit Office (TCO) enquired into Mrs F’s tax credit claim. They removed the childcare element, because in their view she had not provided enough evidence of payment, leaving her with an overpayment of tax credits. Mrs F appealed against the decision and took her case to Tribunal, which ruled in her favour. During the appeals process, Mrs F had specific health issues and was also pregnant. She told the department about this. After the Tribunal decision, the TCO paid a small amount of redress to recognise the worry and distress their actions caused Mrs F and to cover post and telephone costs. Mrs F complained about the department’s handling of her affairs throughout the enquiry and appeal process.

Outcome

This case was upheld and settled by mediation.

Mistakes in the TCO’s records and the handling of Mrs F’s correspondence led to delays in dealing with the appeal. The TCO did not fully consider the comments Mrs F made to support the information she submitted. They did not recognise the full impact their actions had on her health at the time, or the additional stress placed on her by an impending Tribunal.

After the Adjudicator’s Office became involved, the TCO did accept the impact of their actions and agreed to pay additional redress to acknowledge their poor complaint handling.

Learning

The TCO need to be mindful of the direct impact their actions have on customers, particularly those who are vulnerable or have specific needs. They could have handled Mrs F’s correspondence correctly and acknowledged the adverse effect of their actions at a much earlier stage.
Case study 7 – Child Benefit – Returning important documents

Issues

Miss G claimed Child Benefit and was asked to send her passport to the Child Benefit Office (CBO) to help them make a decision about the claim. Miss G sent the passport by Royal Mail’s Special Delivery service. In line with their guidance, the CBO returned the passport via Royal Mail second class recorded delivery, but Miss G did not receive it.

Outcome

The Adjudicator partly upheld this complaint.

The Adjudicator found the CBO acted in line with their guidance when they returned the passport. However, she was critical of the CBO’s call back procedure when Miss G tried to find out what happened to her passport. The Adjudicator wrote specifically to the Director of Benefits & Credits about their policy for returning documents as she felt Miss G and other customers may be disadvantaged when documents were lost and needed to be replaced. The Adjudicator asked the CBO to apologise directly to the customer.

The Adjudicator was concerned because, although Royal Mail paid compensation in line with their own guidance, this did not always meet the cost of replacing lost documents. Had Miss G’s passport been returned by the same method she used to send it to the CBO, the increased compensation paid by Royal Mail Special Delivery would have covered the cost of replacement. Having seen a number of similar cases, The Adjudicator felt it harsh that customers should lose out when they had sent documents to the CBO using a higher level of secure delivery.

Learning

The CBO explained their standard policy had been to return secure documents by second class recorded delivery (unless Special Delivery was specifically requested) to reduce their postage costs while still providing a good level of service to customers. However, following her intervention, The Adjudicator was pleased when the CBO subsequently agreed to amend their policy and send customers who suffered a loss, the difference between the compensation they received from Royal Mail and the cost of replacement. She agreed this was a good balance between value for money and protecting customers from loss.
Case study 8 – Tax credits – Incorrect appeal handling

Issues

Miss H wrote to The Adjudicator because she was concerned about the way HMRC Tax Credit Office (TCO) handled her tax credits. At that time, she had substantial overpayments of tax credits for two years which were under appeal with the TCO. However, the TCO failed to register Miss H’s appeal correctly and papers relating to the overpayments were mislaid. As the full information was not to hand, the TCO decided to uphold Miss H’s appeal, but they failed to tell her why they came to this decision and allowed a Debt Collection Agency to continue to pursue the overpayments.

Outcome

The Adjudicator upheld this complaint.

The Adjudicator was critical of the fact that the TCO had not recognised the need to explain their actions to Miss H or the Debt Collection Agency. She asked the TCO to apologise to Miss H for this and for not recording the appeal correctly, leading to unnecessary action by the Debt Collection Agency. The TCO did so and paid redress to acknowledge their errors and the worry and distress caused to Miss H.

Case study 9 – Unacceptable customer service

Issues

Mr J complained about an HMRC Contact Centre adviser he claimed was aggressive, abusive and used profane language. He was passed to a manager who Mr J said told him he would call back after listening to the call, but that did not happen. Mr J requested a recording of the call but, because of a technical error, no recording was made. Mr J was very unhappy with HMRC’s handling of his complaint and requested compensation.

Outcome

The Adjudicator partly upheld this complaint.

Although no recording of the call was made, the adviser admitted Mr J’s allegations were accurate. HMRC investigated the incident immediately and took disciplinary action, but failed to assure Mr J that they had taken his concerns seriously. HMRC’s response to a further letter from Mr J was sent outside of their published timescales. HMRC said they established “as a fact” that Mr J was not promised a call back by the manager but, when challenged, agreed this could not be proven without a recording of the call.

Although the amount of compensation Mr J requested was excessive, The Adjudicator considered HMRC’s offer of redress did not adequately reflect the full impact of their actions on Mr J. She recommended that HMRC increase the amount of redress to acknowledge this.
**Stakeholder feedback**

“We really value the challenging and constructive feedback Judy has shared with us through presentations to the Board, at complaints conferences and also through discussions and reports with Directors and their teams. We fully recognise the upheld rate must improve significantly and continue to work closely to understand quality gaps and implement further improvements. As we start the task of finding Judy’s successor, I would like to thank Judy for her unending encouragement to focus efforts on Customer Impact, Quality and Learning. Judy has also driven notable improvements in making the complaints process more open and transparent - both for customers and business users”

Edward Troup, HMRC Tax Assurance Commissioner and Second Permanent Secretary

“The work the VOA delivers is diverse and far-reaching and, although we strive to deliver the best service we can for our customers, from time to time things go wrong. On occasions where a customer remains unhappy, and we have not resolved a complaint to their satisfaction, we welcome the Adjudicator’s fair and unbiased review of what happened. We are always looking to improve the service that we deliver and the Adjudicator gives an important insight into how we can do this.”

Penny Ciniewicz, Chief Executive, Valuation Office Agency

“The Insolvency Service aims to deliver a first class service to customers and recognises the value added by the independent review of our complaints handling by the Adjudicator. Such scrutiny helps us recognise the areas that are of concern to customers and increases public confidence in our work. We will consider carefully the recommendations from the Adjudicator’s report in order to further improve the quality of our services.”

Sarah Albon, Inspector General and Chief Executive, The Insolvency Service
The Valuation Office Agency (VOA) is an executive agency of HMRC. The VOA provides the Government with the valuations and property advice required to support taxation and benefits.

During 2014-15 we received 31 new complaints. We resolved 35 cases in total, partially upholding 15 cases. No cases were mediated directly between the customer and the department.

### Outcomes

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<thead>
<tr>
<th></th>
<th>2014-15</th>
<th>2013-14</th>
</tr>
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<tbody>
<tr>
<td>Not upheld</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partially upheld</td>
<td></td>
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<tr>
<td>Substantially upheld</td>
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<td>1</td>
</tr>
<tr>
<td>Reconsidered</td>
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<td>0</td>
</tr>
<tr>
<td>Total</td>
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<td>23</td>
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Of the cases we closed this year, the majority were about council tax. Many of these included reference to decisions made by the VOA or the Valuation Tribunal about council tax bandings. The Adjudicator is unable to consider these elements of customers' complaints because they are outside her remit. Case study 10 highlights the issues that The Adjudicator can and cannot consider when reviewing such cases.

There has been a small increase in the number of complaints about the VOA. However, the VOA remain keen to use learning to make service improvements.

The VOA accepted all of The Adjudicator's recommendations.

On occasion, The Adjudicator may recommend that the VOA pay a monetary sum to customers in recognition of the poor level of service they received, and any relevant costs. The graph aside shows the sums recommended this year.

Redress paid 2014-15 (£)

<table>
<thead>
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<th>Category</th>
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</tr>
<tr>
<td>Liability given up</td>
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</tr>
<tr>
<td>Costs</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£900</strong></td>
</tr>
</tbody>
</table>
Case study 10 – Council tax banding

Issues

Mr K moved to a two bedroomed cottage in a retirement complex from a larger four bedroomed detached property. The cottage was in band G and his previous house in band E. Mr K did not agree with the banding and his appeal was referred to the Valuation Tribunal. The Tribunal accepted the reasons put forward by the Listing Officer for the cottage falling within band G. Mr K complained that the Valuation Office Agency (VOA) had not followed legislation, guidelines and procedures in determining the council tax band and had only taken prices into account. He said the VOA presented incorrect facts to the Tribunal which influenced their decision. He felt the VOA had been stubborn and refused to listen to him.

Outcome

The Adjudicator partly upheld this complaint.

The statutory route for settling disputes for council tax bandings is the Valuation Tribunal and The Adjudicator has no jurisdiction over this. The Adjudicator could not comment on the bandings or the evidence the VOA relied on as they are not within her remit to consider. Nor could she comment on the actions of the Tribunal. However she could consider whether the VOA acted appropriately and in accordance with their own policies and guidance.

The Adjudicator found the VOA dealt with Mr K’s appeal in accordance with legislation, their instructions and their policies. Their records clearly showed they had listened to him, but did not agree with him. However, she found the VOA initially produced incorrect evidence about the size of the property which resulted in the first Tribunal hearing being adjourned. The VOA did not apologise for this error and the inconvenience it caused Mr K, nor did they confirm what evidence was presented to, and considered by, the Tribunal when it later reconvened.

The VOA recognised the impact their actions had on Mr K. They agreed to apologise to Mr K and to set out for him the details they took into account in their banding decision, including the revised evidence they presented to the Tribunal.

Learning

The VOA have reminded staff that in all cases they should set out a clear explanation of the facts taken into account in banding decisions and any revised evidence presented to Tribunals.
Case study 11 – Rateable value

Issues

Mr L built stables near his home which the Valuation Office Agency (VOA) inspected and decided were rateable, subsequently assigning them a rateable value. As the Local Council granted planning permission for domestic use only, Mr L did not agree he should pay business rates for the stables and appealed against the VOA’s decision.

The appeal was referred to the Valuation Tribunal Service, who insist the VOA must serve their Statement of Case (SoC) in legible format no later than four weeks before a hearing. An extra two to four days must be added when the SoC is sent by hard copy to allow for delivery.

Mr L asked to receive the SoC in hard copy. The VOA sent the SoC within their timescale, but by email. Mr L queried this and the VOA sent a hard copy by post but it arrived outside of the prescribed timescale. Mr L asked the Valuation Tribunal to bar the VOA from their hearing as he did not receive the SoC in his requested format by the deadline. The Valuation Tribunal postponed the hearing to consider Mr L’s request and barred the VOA from the hearing. The VOA explained their position and the Tribunal subsequently lifted the bar.

Outcome

The Adjudicator partly upheld this complaint.

The VOA explained that they met the timeframe for the SoC, although this was by email rather than post. Mr L had previously corresponded with them by email and they took this to indicate he was content to correspond in this way. They confirmed that, although he expressed a preference to receive documents by post, they were not bound by this and considered it unjust to be barred from proceedings for not complying with Mr L’s particular preference. The Tribunal agreed and consequently lifted the bar.

Although the appeal and Tribunal decision were not within The Adjudicator’s remit, she was able to look at the handling of the case and was pleased to see that the VOA had taken Mr L’s concerns seriously. The case was partly upheld because The Adjudicator found some further administrative failings in the VOA’s handling of the complaint.

Learning

The VOA agreed they had fallen short of their own customer service standards in not issuing the SoC in the required format. The Valuation Officer subsequently reminded staff to observe the customer’s preferred method of communication and use this whenever possible.
International connections 2015

Welcoming visitors from the South African Tax Ombud.

“I would like to personally thank you for hosting us. Your team’s presentation to us was extremely insightful and has contributed significantly to our young institution”

Adv Eric Mkhawane, CEO, Office Of The Tax Ombud

The Adjudicator leading a thought-provoking seminar at the Public Administration International study programme, chaired by Sir Tony Redmond.
The Insolvency Service is an executive agency of the Department for Business, Innovation and Skills. It exists to provide the framework and the means for dealing with financial failure and misconduct.

The number of complaints received by The Adjudicator about The Insolvency Service remains small. Official receivers are statutory office holders and as such they are directly accountable to the courts for a considerable portion of their actions. The Adjudicator therefore examines complaints about The Insolvency Service very carefully to ensure she only investigates matters that are within her remit.

The relationship between The Insolvency Service and The Adjudicator remains positive and The Insolvency Service is very receptive to feedback. The Insolvency Service accepted all of The Adjudicator’s recommendations. Case studies 12 and 13 both refer to compensation for loss of wages. Claims of this nature carry the right of appeal to an Employment Tribunal and, as such, the decision on whether compensation is due falls outside The Adjudicator’s remit. However, The Adjudicator can look at the way the claims are handled. Both case studies highlight the impact any delay can have on the individuals involved, particularly in difficult circumstances where they have recently lost employment.

During 2014-15 we received 27 new complaints. Due to a loss of staff moving on promotion, we only resolved 7, partially upholding 1 case and substantially upholding 3. No cases were mediated directly between the customer and the department this year.

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<thead>
<tr>
<th>Outcomes</th>
<th>Not upheld</th>
<th>Partially upheld</th>
<th>Substantially upheld</th>
<th>Withdrawn</th>
<th>Reconsidered</th>
<th>2014-15 Total 7</th>
<th>2013-14 Total 16</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td>1</td>
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<tr>
<td>Costs</td>
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<tr>
<td><strong>Total £375</strong></td>
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</table>

On occasion, The Adjudicator may recommend that The Insolvency Service pay a monetary sum to customers in recognition of the poor level of service they received, and any relevant costs. The graph below shows the sums recommended this year.
Learning

The Adjudicator expects departments to ensure that staff involved in dealing with customer complaints are familiar with the published requirements of their complaint policy.

The Adjudicator considers that failure to deal correctly with a customer’s concerns is as much an error as the reason for their original complaint, and should be included in any consideration of redress. The Insolvency Service accepted The Adjudicator’s recommendation.

Case study 12 – Compensation in lieu of unpaid wages

Issues

Mrs M lost her job because her employer became insolvent. She claimed compensation for loss of wages and complained that notional tax had been incorrectly deducted from the amount she received. She was also unhappy about the way The Insolvency Service handled her complaint. The compensation award and notional tax were outside of The Adjudicator’s remit because they carried the right of appeal to the Employment Tribunal. However, The Adjudicator was able to look at the way the complaint was handled.

Outcome

The Adjudicator upheld this complaint.

The Adjudicator identified a number of failings by The Insolvency Service in explaining and complying with their formal complaint process, causing a considerable delay in progressing Mrs M’s concerns.

Although The Insolvency Service had already apologised, The Adjudicator did not consider this sufficient. She recommended that they make a full apology to Mrs M for their failings and pay financial redress for poor complaint handling.
Learning

The Insolvency Service reminded all staff to keep any delays in dealing with complaints to a minimum. Where a delay does occur, to acknowledge it and apologise promptly, so customers are kept informed.

Case study 13 – Unreasonable delay

Issues

Mrs N complained about the Redundancy Payment Service, part of The Insolvency Service, because they had rejected her claim for compensation. She also complained about the length of time The Insolvency Service took to consider her claim.

Outcome

The Adjudicator upheld this complaint.

The decision to reject the claim for compensation carried the right of appeal to an Employment Tribunal and was, therefore, outside of The Adjudicator’s remit. However, The Adjudicator was able to look at how the claim was handled to see if there was evidence of unreasonable delay.

The Insolvency Service originally rejected Mrs N’s claim for compensation and told her if she disagreed with their decision, they were willing to “check and reconsider”. Mrs N asked them to reconsider and did not receive a final reply for over six months, after escalating her concerns to the Chief Executive of The Insolvency Service.

Although The Adjudicator could see there were complications over employment status, she considered the delay in sending the formal reconsidered decision unreasonable, as was the delay in responding to Mrs N’s letter to the Chief Executive.

When a mistake or reasonable delay is identified, The Adjudicator expects the department to apologise and consider whether redress is appropriate. She does not always expect financial redress; quite often an apology will suffice. In this case, although The Insolvency Service apologised for the delays during their review process, The Adjudicator felt the apologies were insufficient.

When considering the level of financial redress, The Adjudicator is bound by The Insolvency Service complaint policy. Having considered this, The Adjudicator recommended that The Insolvency Service should make a redress payment to Mrs N together with a full apology for the delays. The Insolvency Service accepted The Adjudicator’s recommendation.
Customer feedback

“Thank you very much for your detailed and scrupulously even-handed handling of our complaint about the delays. It is heartening to feel that all parties are treated equally in these matters.”
Customer

“May I congratulate your department on the clarity of the letter and the way it was written. I found this explained fully the issues and was very clear to understand”.
Customer

“The Adjudicator’s Office has restored my faith in the concepts of impartiality and fairness... I feel tremendous relief and have nothing but admiration for the work done by your office. Thank you so much again.”
Customer

“On a personal note I would like to thank you for your time and patience in dealing with this and the professionalism you have shown throughout.”
Customer

“Thank you so much for taking the time to look at my case and for renewing my faith in basic justice. I do sleep better because of your hard work. You do a fantastic job. Thank you so much. Best wishes to you all”.
Customer

“Thank you so so much for the wonderful service that you have given us, after years of worry & stress we feel such a relief, a massive weight off our shoulders! I can’t put into words just how grateful we are to you. You have been so efficient & professional whilst dealing with our complaint but so warm, friendly, helpful & caring. Thank you so much with our warmest regards to you”.
Customer
By the end of 2014-15 the work state in the Adjudicator’s Office was the best it has been for a decade.

Office update

I am pleased to report the successful conclusion of our Two-Year Recovery Plan, with customer waiting times and the volume of work on hand the lowest they have been in the recent history of the office. My thanks go to all the managers and staff who have sustained quality working standards while driving up productivity. This is all the more remarkable as the weight of work when we started was immense, and high numbers of cases continued to arrive month on month. In particular I would like to mention our two senior managers, Duncan Calloway and Sarah Walker, for their support in implementing change across the office and always striving for continuous improvement. Sarah has recently moved to a new role and we all wish her well.

I am also grateful for the positive approach and willingness to learn shown by the departmental complaint teams, helping them strive for early resolution in their complaint process to improve the customer experience. There is still more to do, yet we are well placed now to devote more time to the learning cycle and helping the departmental teams embed service improvement.

We receive very positive and useful feedback from customers and have used suggestions to good effect in refining our processes. Our personal approach to customer contact is well received and the number of unsolicited compliments about our work continues to rise.

However, 2014-15 was also a year of sadness for the whole office as we lost two valued members of staff after short and unexpected illnesses. Tina O’Brien was a member of our First Contact Team, handling customer telephone calls and correspondence. Her helpful and friendly approach was well respected and appreciated by colleagues and customers alike. Bob Palmer was our ‘go to’ person for all locations on any matters relating to IT and Finance. He played a major part in the organisation of equipment and software when our staff numbers increased dramatically and was known for his quick resolution of issues and dry humour. The deaths of Tina and Bob hit everyone hard and our thoughts remain with their families. They are both greatly missed.

In the wider complaint handling community, I remain an active member of the Cross Government Complaints Forum, sharing good practice and ideas with other government departments. It was lovely to welcome counterparts from the South African Tax Ombud as well as continuing our benchmarking against other complaint handling schemes in the UK. I led a project on training and development for the Ombudsman Association, sponsored by The Adjudicator and the Parliamentary Ombudsman, Dame Julie Mellor DBE. It is really good to share and develop approaches which recognise the professionalism and expertise of all our staff.

This coming year is a time of reflection as we prepare for the transition to a new Adjudicator. I would like to give a personal and heartfelt thanks to Judy Clements, from all at the Adjudicator’s Office, for the dedication, care and thoroughness she has shown during her years as Adjudicator. It has been a pleasure to work with her and for her, and we all wish Judy the very best for her future.

Margaret Alcock
Head of Office

Future note

We look forward to learning more about HM Treasury, Pension Wise, a free and impartial government service about defined contribution pension options. As we go to print we have not had any complaints referred by Pension Wise customers and don’t envisage seeing any until autumn 2015 at the earliest.
Queries about The Adjudicator’s recommendation

The Adjudicator will usually only reconsider a case when the customer provides new, relevant information or where inaccurate facts are highlighted. The vast majority of the queries received did not meet these criteria. However, in some cases The Adjudicator decided to provide a further response when it appeared the customer may not have fully understood her recommendation. The Adjudicator will not reconsider cases solely on the basis that the customer does not agree with her decision. In such cases it is for the customer to decide their next course of action. All of The Adjudicator’s recommendation letters clearly explain the process for referring a case to the Parliamentary Ombudsman if the customer remains dissatisfied.

Feedback about the Adjudicator’s Office

We always welcome feedback from customers as it helps us to review our service and seek improvement. In addition to compliments, we also consider:

Complaints about our service

During the year we received 21 complaints about the level of service that we provide. These were about a wide variety of issues, the biggest category being delay. In the 2013 Annual Report we explained that we had taken on a number of additional staff and during 2014 they were finishing and consolidating their training. This inevitably led to an anticipated increase in customer waiting time. We are pleased to report that these staff are now fully trained and there are no delays in putting cases into investigation. However, as explained previously in this report, The Adjudicator carries out detailed enquiries. These usually require contact with the customer and the department, as well as independent research. They are not a “quick fix” and complaints can take time to conclude.

The “Complaints about our service” leaflet tells our customers how to raise their concerns and is available on our website.

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As the issue has been resolved after nearly 4 years, I am finally relieved of the stress and the difficulties I was going through. I express my sincere thanks for your efforts and service.”

Customer

We are writing to thank you for all your help in this matter – we really appreciate it. You took a lot of stress away and treated us with respect and were very professional. We do not know what we would have done without you.”

Customer

Wouldn’t have got this result without you. Thank you once again.”

Customer
How we are organised

Judy Clements OBE
The Adjudicator

Margaret Allcock
Head of Office

Structure at 31 March 2015
Finance 2014-15

HMRC customers form the largest group of users of The Adjudicator’s services. The Service Level Agreement between HMRC and The Adjudicator ensures staff, accommodation, equipment and materials are supplied to enable her to provide an independent review of unresolved complaints.

The Adjudicator is an independent appointment agreed by the four organisations for which she now adjudicates.

The Adjudicator’s salary is set by reference to the Ministry of Justice pay scales. There was a 1% pay rise in 2014-15 for judicial salaries Group 6.2. The salary range remains £120,000-125,000.

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How to contact us

Post
The Adjudicator’s Office
PO Box 10280
Nottingham
NG2 9PF

Telephone
0300 057 1111 between 9am and 5pm, Monday to Friday (except Bank Holidays). Typetalk facilities are available.

Fax
0300 059 4513

We aim to reply to your initial contact within ten working days.

Online
www.adjudicatorsoffice.gov.uk

Please note that we are only able to help with complaints about HM Revenue and Customs, the Valuation Office Agency, The Insolvency Service or HM Treasury, Pension Wise.