

# annual report 2017



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# Our Role and Vision

## Our role

Independent complaint handling, providing customers with a high level of service. We give HM Revenue and Customs (HMRC) and the Valuation Office Agency (VOA) the opportunity to learn lessons and make improvements.

The Adjudicator's Office:

- Resolves complaints that come to us by providing an accessible and flexible service and making fair and impartial decisions.
- Supports and encourages effective resolution throughout the complaint handling process.
- Uses insight and expertise to support the departments to learn from complaints and improve services to customers.

## Our Vision

By working with the departments and using our independent insight and expertise, we will achieve these positive outcomes for our customers:

- Complaint handling is trusted as fair, and
- Responsive to customer needs.
- Insight from complaints improves services for customers.

# The Adjudicator's foreword

I am pleased to present the 24th report in the history of the Adjudicator's Office, for the period 1 April 2016 to 31 March 2017.

This annual report covers my first year as independent Adjudicator for HMRC and VOA. My appointment coincided with Jane Brothwood joining as Head of Office and the change in leadership precipitated all-encompassing change across the Adjudicator's Office. We consulted widely with our team, the Department and external stakeholders to develop our vision and purpose to 2021. This explicitly articulates our role in reviewing individual complaints, supporting effective complaint handling in the Department and learning from complaints. It also focuses on achieving positive outcomes for customers.

1142 complaints were escalated to my office in 2016-17 (of which 26 were VOA cases). Although a 10% decrease on complaints received in the previous year it is very close to the average number of complaints received against both organisations over the last 4 years.

The percentage of HMRC cases upheld by the Adjudicator has reduced for three successive years, 73% in 2015-16 compared to 85% in 2014-15, with significant improvement at the end of the year (59% March 2016). This downward trend has continued, the upheld rate for the year was 41%. A change in



“Your efforts and simple language used in responses, have been very much appreciated, and have allowed better understanding of the situation, and for that I am very grateful.”

Customer

our policy mid-year, removing minor administrative errors from the 'partially upheld' categorisation could account for up to 10% of the reduction in upheld rate. However, this does not mask very real improvements in performance, particularly in the complaints from Benefits and Credits customers, where upheld rates reduced from 81% in 2015-16 to 46% in 2016-17.

10% of the 29 complaints investigated against the VOA were upheld.

Along with investigating individual complaints, delivery of our vision relies on developing collaboration with the Department to improve complaint handling throughout their processes and to learn from complaints. Exploration of this shift in relationship between the Adjudicator's Office and the Department has highlighted for everyone the importance of the independence of my office and there is ongoing discussion about how that independence should be articulated and assured.

Our teams have been developing better working relationships with line of business complaint handling teams. In this first year, we have given feedback on issues identified from individual complaints to inform wider learning activity, some of which are reflected in the case studies that follow. We are also working with HMRC's central customer teams to better understand the scope for

learning from complaints to improve customer experience.

We are beginning to identify and report to HMRC on underlying themes that currently either drive complaints or are a barrier to handling complaints effectively.

One significant theme that we identified relates to HMRC's view of complaints themselves. The contemporary approach to complaints frames them in terms of customer insight and opportunity. Although they generally result from failed processes and customer transactions they are also an inevitable by-product of doing business with people. A customer who complains is dissatisfied with the service they received. Effective complaint handling is a way of listening to and engaging with customers. Although this philosophy towards complaints is driving service improvement in some business areas, it is not universally understood and accepted throughout HMRC, which leads to some tension between delivering better outcomes for customers and internal drivers for operational efficiency. Maintaining focus on improving service and experience for customers will be a challenge for HMRC in the context of the current competing priorities for resources. Aligning delivery to a clear strategy designed to achieve positive outcomes for customers from learning and complaints, would help them to maintain that focus.

**1540**  
complaints resolved  
in 2016-17

From my perspective one of the key themes impacting on HMRC's complaint handling relates to their culture. Elements of HMRC's culture and relationships with customers, style of communication and patterns of behaviours are often contributory factors to the customer's initial complaint and are sometimes incompatible with effective complaint handling as well. HMRC also have some way to go in developing an organisational culture that is conducive to the level of listening that is required to learn from complaints.

It is my view that HMRC will only be able to claim effective complaint handling when they address some of these issues. HMRC have invested resources in developing their capability in complaint handling and this is clearly leading to improvements. They continue to develop their complaints ambition, and together with their increased focus on customers as part of their 'Building Our Future' transformation programme this could lead to very real improvements to customer

service and experience. I completely endorse the ambition. Focus on upheld cases, delivering to internal guidance and standards, is a valid and important way of comparing current and past performance. However, it is important to remember that it is not an absolute indicator of customer service or quality of complaint handling.

I have identified and discussed with HMRC potential risks to the successful delivery of real improvements for customers, from my observation of complaints and the complaint handling environment within the Department. I will continue to work with them in developing their complaint handling to support in the delivery of their wider transformation.



**Helen Megarry**  
The Adjudicator

# Office update



This has been an exciting time to lead the Adjudicator's Office and I'm extremely proud of how well the team has responded to the challenges we've set this year.

The number of complaints on hand has reduced to a decade low of 630 cases and with only 6 cases over 12 months old.

The team received 1142 complaints compared with an average of 1160 per year over the past 4 years, and resolved 1540 complaints compared with 970 complaints resolved in 2015-16. An increase in production of approximately 60 percentage points.

These results have been achieved through a number of internal changes. In addition to Helen Megarry's appointment, a further 22 colleagues have joined us during the year and we successfully promoted 3 of our own people. With new recruits coming from DWP, Home Office, Courts Service, Highways Agency and some from HMRC, they have brought a wealth of different experiences. We ended the year, slightly below our optimum number, with approximately 56 staff in post. This compared with approximately 67 at 31 March 2016, recruitment plans are in place for 2017-18.

As Helen mentions in her foreword, we engaged our teams in developing our vision and purpose, along with our customer focused outcomes early in the year, setting out our business and transformation plans for 2016-2018

at mid-year. Internal change has also included restructuring of teams and management and returning our Newcastle teams, who had been on loan for 4 years, to mainstream HMRC. I'm grateful for the support and professionalism of Newcastle colleagues throughout their time in the Adjudicator's Office and particularly during 2016-17 as we recruited permanent team members in Nottingham. In January, we started discussions with our team members in Derby, with the aim of relocation and integration with our Nottingham teams by April 2018.

New communication approaches have been introduced and we have focused on leadership development for our managers. Early success indicators are improved employee engagement scores and a significant reduction in days lost through sickness absence.

We also changed the way we work, deliberately separating out business management and transformation from case work so that team members could focus on their key activities. This has worked really well and a model we will continue to operate.

Learning from colleagues across the Ombudsman Association, we tested a number of different ways of case working and will be further developing these in the coming year as part of our transformation plan to improve our customer service and our internal efficiency. Our transformation programme includes:

- 
- improving customer service and experience;
  - stakeholder engagement and working collaboratively;
  - digitisation of services for customers and our own organisation;
  - developing our workforce, skills, leadership and learning; and
  - corporate governance and performance.

The Adjudicator's Office operates independently. Our decisions are made without influence or interference from the departments within our jurisdiction. The majority of our funding is from HMRC, as the key contributor to the complaints we investigate and we're dependent on HMRC for funding for staffing, admin expenditure and our transformation. Funding for our people has been assured for 2017-18, but delivery, particularly of the digital element of our transformation plans, may be at risk due to wider HMRC funding pressures.

We're working with HMRC's Customer Directorate to review and update the Service Level Agreement, reflecting Helen Megarry's broader role and clarifying the Adjudicator's Office independence. We're also liaising with colleagues in both HMRC and VOA to develop mechanisms to feedback learning from complaints, and to support HMRC's complaint ambition.

As mentioned above, we've continued our active membership

of the Ombudsman Association. Helen Megarry was appointed to the Ombudsman Association Executive Committee and I have been a member of the Service Standards Working Group, and recently been appointed as chair of the Ombudsman Association Casework Interest Group. Adjudicator's Office colleagues have also been engaged with HR, Communications, Legal and First Contact groups, adapting and adopting learning from colleagues across the Ombudsman Association membership.

**Jane Brothwood**  
Head of Office

# The role of the Adjudicator



The Adjudicator provides a free, impartial and independent investigation service for complaints within her remit.

The role of the Adjudicator was created because HMRC and the VOA decided to introduce independent oversight of complaint handling that would provide customers with a higher level of service and give departments expert advice on opportunities to learn lessons and make improvements.

There are no targets for the number of cases upheld and all final decisions on cases are made with the approval of the Adjudicator.

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 2016-17, the Adjudicator was supported by staff in four locations: Derby, London, Newcastle and Nottingham. The majority of our staff are specialist investigators who review each complaint and the evidence in detail.

## Learning from complaints

A vital part of the Adjudicator's Office role is to ensure that any learning from complaints is understood and shared. We will do this in a number of ways.

On a case-by-case basis, every time the Adjudicator's Office upholds any aspect of a complaint, we write a personal letter to the senior manager responsible for that particular work area. We ask them to notify us in writing after they take the corrective action and we monitor this to ensure it takes place. This provides a clear audit trail for accountability and improvement.

We look for recurring themes in the complaints we see to identify systemic failures. We feedback on common trends to the departments to give them the opportunity to see the wider picture of their actions on their customers and make any necessary changes, particularly in these key areas:

- consistency of decision making;
- customer focus;
- culture;
- communication; and
- complaint handling.

By attending meetings of professional bodies, policy experts, staff and stakeholders the Adjudicator ensures her office

remains up to date with changes in policies and processes that impact on our customers.

Over the past year, the Adjudicator was very pleased to see the departments continuing to apply some of the learning from previous years, though there is still much to do moving forward in 2017-18.

## Discretion

The Adjudicator continues to encourage and challenge HMRC on the use of discretion, and this remains one of the most complex areas to understand for customers and, on occasion, for the departments. 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 the Adjudicator finds that HMRC did not exercise discretion at the earliest opportunity, she will uphold part or all of the customer's complaint.

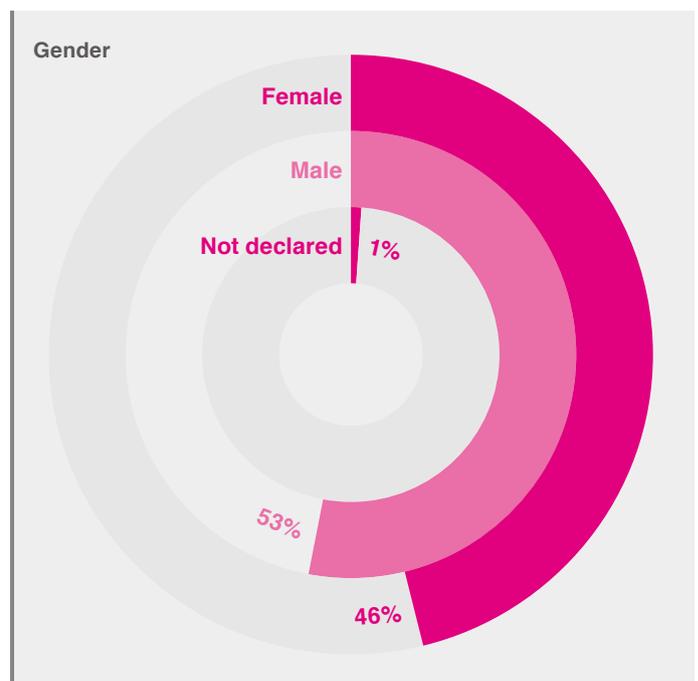
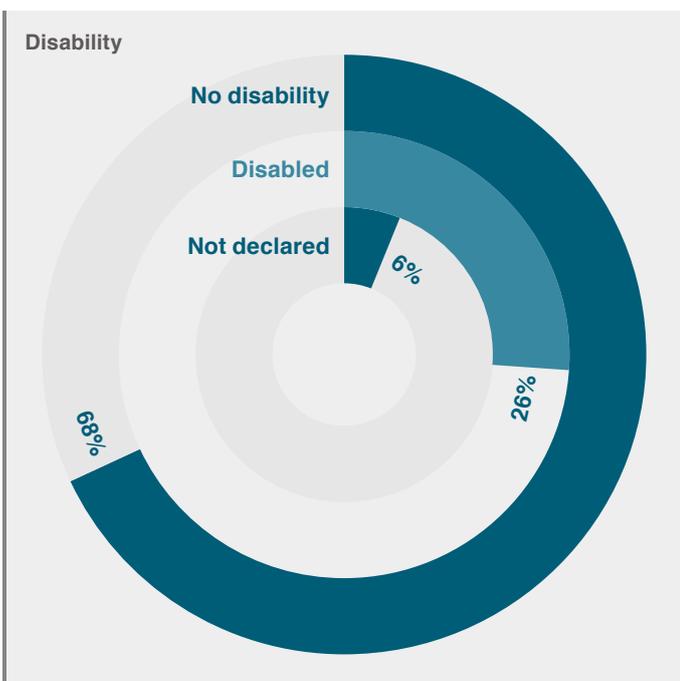
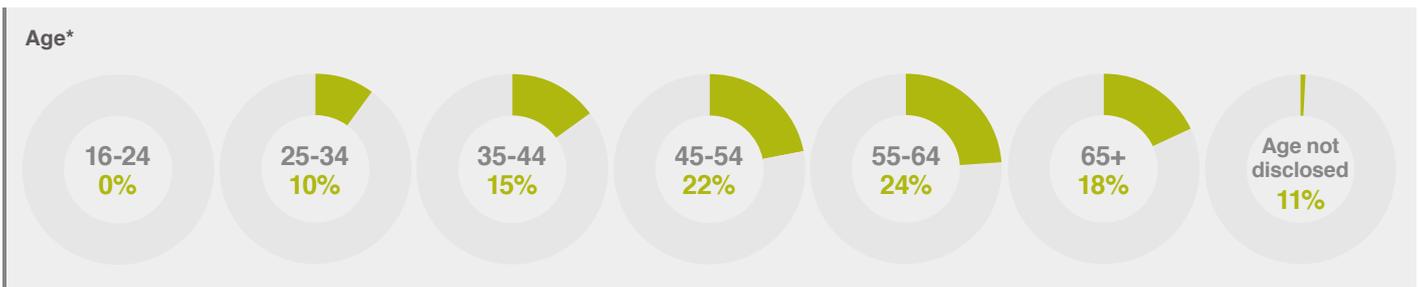
Bringing about effective change in the way the departments work is not a quick process. The Adjudicator has and will continue to push them to improve quality in complaint handling, and to do more on prevention so that

customers only need to escalate more sensitive and complex complaints to the Adjudicator's Office. Effective use of discretion will certainly help as will the improving the way in which decisions are communicated – clearly setting out why they made the decision they did (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:



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

Before we will consider a customer's complaint, they need to complete stage 1 and stage 2 of either HMRC's or the VOA's own complaint procedure, and receive a final response from them.

<b>Stage 1:</b> Contact local office	<b>Stage 2:</b> Second review	<b>Stage 3:</b> Adjudicator's Office	<b>Stage 4:</b> The Ombudsman
<b>Department's initial review</b>	<b>Department's internal review</b>	<b>Independent review</b>	<b>Final review</b>
<p>If customers are unhappy with the service they have received they may ask for a formal review of their complaint.</p>	<p>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.</p>	<p>If the customer remains unhappy, then they may approach the Adjudicator's Office. The complaint is 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.</p>	<p>Customers who remain unhappy can ask an MP to refer their complaint to the Parliamentary and Health Service Ombudsman. The Ombudsman decides whether to investigate the complaint and, if he decides to do so, his investigation may also look at the way in which the Adjudicator's Office has reviewed the complaint.</p>



## The process in the Adjudicator's Office

### First contact

At this stage our team 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.

### 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.

### 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 work with the customer and the relevant department to achieve this on behalf of the Adjudicator.

### Resolution by recommendation

Where there is little scope for mediation, the investigated case is presented to the Adjudicator. The Adjudicator reviews the case in detail. She then writes to the customer and the relevant department outlining her views together with any recommendations.

### Further review

A few customers may remain dissatisfied with the outcome of their case. The Adjudicator only reconsiders a decision if new evidence, fundamental to the complaint, is provided.

# 9,015

enquiries received  
in 2016-17

# 1,142

new complaints for  
investigation in 2016-17

# 197

of all complaints were  
mediated in 2016-17

# 1,540

of all complaints were  
resolved in 2016-17

### The Ombudsman

If a customer remains unhappy they can ask an MP to refer their complaint to the Parliamentary and Health Service Ombudsman.

# Workload 2016-17

## Number of cases handled

	2014-15	2015-16	2016-17
Cases on hand 1 April	<b>1,479</b>	<b>731</b>	<b>1,028</b>
New cases for investigation	<b>1,102</b>	<b>1,267</b>	<b>1,142</b>
Cases resolved	<b>1,850</b>	<b>970</b>	<b>1,540</b>
Cases on hand 31 March	<b>731</b>	<b>1,028</b>	<b>630</b>

## New cases on hand by department

HM Revenue and Customs	The Insolvency Service	Valuation Office Agency	Total
<b>614</b>	<b>0</b>	<b>16</b>	<b>630</b>

### Outcomes

	Not upheld	Partially upheld	Substantially upheld	Withdrawn	Reconsidered	Total
HMRC	782	448	156	92	7	1485
The Insolvency Service	20	4	0	2	0	26
VOA	26	1	0	0	2	29
<b>Total</b>	<b>828</b>	<b>453</b>	<b>156</b>	<b>94</b>	<b>9</b>	<b>1540</b>

### Methods of settlement 2016-17

	Reconsidered	Recommendation	Mediation	Withdrawn	Total
HMRC	7	1197	189	92	1485
The Insolvency Service	0	23	1	2	26
VOA	2	27	0	0	29
<b>Total</b>	<b>9</b>	<b>1247</b>	<b>190</b>	<b>94</b>	<b>1540</b>

### Redress (£) 2016-17

	Worry and distress	Poor complaint handling	Liability given up	Costs	Total
HMRC	35,130.00	35,546.20	1,268,641.89	11,502.76	1,350,370.85
The Insolvency Service	100.00	200.00	0.00	0	300.00
VOA	100.00	0	270.05	0	370.05
<b>Total</b>	<b>35,330.00</b>	<b>35,746.20</b>	<b>1,269,011.94</b>	<b>11502.76</b>	<b>1,351,040.90</b>

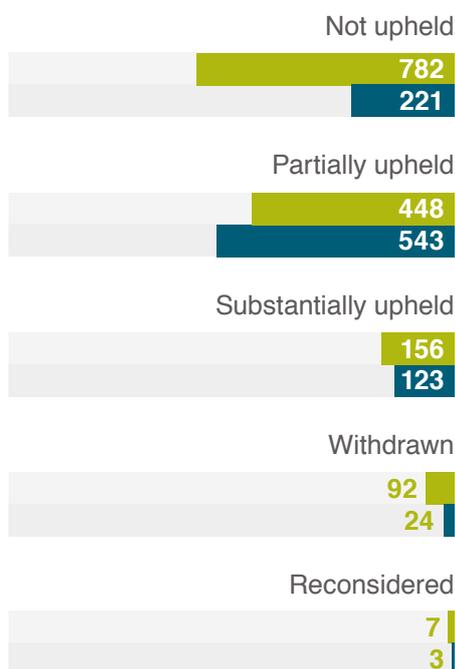
# HM Revenue and Customs (HMRC)



HMRC make sure that money is available to fund the UK's public services and help families and individuals with targeted financial support.

During 2016-17 we received 1,111 new complaints, fewer than the 1,226 received in 2015-16. We resolved 1,485 upholding 41% either partially or substantially. Our investigators mediated over 13% of cases directly between customers and the department, a 2% increase on last year.

## Outcomes



**2016-17 Total 1485**  
**2015-16 Total 914**

Our Head of Office, Jane Brothwood, has regular discussion with Directors of HMRC to discuss our purpose and vision and what more we can do to support HMRC to improve customer services as they make progress on the key areas of:

- consistency of decision making;
- customer focus;
- culture;
- communication; and
- complaint handling.

Directors are complimentary about the way we now work with HMRC and at the end of 2016-17 they told us our relationship is much stronger. They appreciate our collaborative approach to feeding back on issues and see how the importance we put on this is improving the service they provide to customers.

The Adjudicator continues to be encouraged by the sustained level of senior management commitment to transforming complaint handling. Approximately 65% of the HMRC customer complaints referred to the Adjudicator are from Benefits and Credits (B&C) customers about tax credits, down from 75% in 2015-16. This is a really positive indicator of quality improvement, even though the number of complaints coming to the Adjudicator's Office remains high.

Customers referred some of these complaints to the Adjudicator prior to the complaints transformation work undertaken in HMRC and learning

from these cases continues to be fed back to help the department improve.

During the year we took the decision to focus on the core matters our customers were complaining about, which meant a change in our categorisation policy mid-year, i.e. removing minor administrative errors from the 'partially upheld' categorisation. This change would allow HMRC to better understand significant mistakes they had made in order to learn from them. We understood the necessary categorisation change could account for up to a 10% reduction in upheld rates by the end of the year.

In 2016-17 the Adjudicator resolved 1,485 complaints from HMRC customers. The categorisation change, together with improvements by HMRC meant the number of PAYE complaints partially or wholly upheld decreased to 28% (from 63%). The upheld rate for Benefits and Credits was starting to fall and figures indicate there was a clear improvement in the final months of 2016-17, with the rate standing at 46.5% (from 80.8%) at the end of the year.

The case studies reflect the wide breadth of areas the Adjudicator's Office investigated, including cases where complaints were not upheld. The Adjudicator remained critical of the number of complaints where HMRC's internal processes exacerbated the impact on customers, especially when the

department had the opportunity to exercise discretion, or more than one opportunity to put matters straight.

Where appropriate we recommend 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.

#### Redress paid 2016-17 (£)



**Total £1,350,370.85**

# Using our insight and expertise



In our Business Plan for 2016-18 and Vision up to 2021, we said we would:

- Identify and feedback on the trends and issues that drive complaints or negative customer experience.
- Provide an external perspective to feedback which is informed directly by our customers.
- Support learning from complaints to improve the service provided to customers, both by the Adjudicator's Office and by the departments.

During the course of the year, the Adjudicator's Office engaged with HMRC on issues affecting customers, beyond those seen in an individual case. Below is an example of the insight we give to the departments and the processes involved in learning from complaints. It highlights how, often, our external expertise is required to help a department understand both the impact of their actions on their customers and the weaknesses in their processes that inadvertently create concerns.

## Notional Entitlement

When a customer claims tax credits in an incorrect capacity for all or part of an award period, for example as a single person instead of as a couple, the tax credits paid during the period were not legally due. But in many cases some entitlement to tax credits was due, had the correct claim been made.

In 2007, the TCO introduced a new Notional Entitlement policy to address this issue. It meant they would give

a credit for the amount due to the customer(s) had they claimed in the correct capacity. However, they limited Notional Entitlement to cases where the customer had made a "genuine error", for example making a single claim when part of a couple but there were grounds to make a single claim.

In January 2010, in response to representations from customers, the TCO extended their policy to cover a wider range of circumstances. HMRC updated their internal guidance on Notional Entitlement and included information in their Code of Practice 26 (COP 26) booklets to say they would consider reducing overpayments to take account of what customers would receive in a correct claim, or where customers had simply missed deadlines for notifying TCO of changes in circumstances.

This meant Notional Entitlement must be given in cases where no penalty had been charged, and also it would not be given in cases where there had been a deliberate error by the customer.

But our investigations continued to find cases where the TCO were not applying Notional Entitlement in the types of circumstances we would expect if their guidance had been correctly followed.

For example, the TCO were refusing Notional Entitlement in cases where no penalty was in place. When we

queried the TCO about these, their responses included:

- They did not have to impose a penalty in deliberate error cases (they do in certain circumstances);
- They considered deliberate error included such things as:
  - » Failing to respond to a compliance letter
  - » The customer completed an annual declaration to confirm a previous claim had been correct.

We also found the TCO were not being proactive in applying Notional Entitlement in late notification cases, despite their guidance saying it must be given if the criteria applied.

Our experience of this issue also highlighted that in many "deliberate errors" it was clear the customer had not been attempting to gain a financial advantage - the customer had seen the amount of a joint award was exactly the same as the one they had made as a single claimant, so had not contacted the TCO.

Overall, we recognised the intention of the TCO's policy to make giving Notional Entitlement easier and more transparent had been lost.

## Discussions with TCO and outcome

We took the matter forward with senior leadership within the Tax Credit Office, helping them recognise where the intent of the current policy was going astray in the day to day application.

In addition to owning the issue, the senior leaders proactively decided to take the opportunity to extend Notional Entitlement even further, to remove the term “deliberate error”, and give their staff a robust definition of what constituted fraud for criminal proceedings. They also introduced a better process for their staff on how to determine whether a penalty would be charged. They told us:

*“The emphasis is to move away from assuming ‘deliberate error’, when a customer’s circumstances are revealed to be different to those the customer has declared, and in fact we are dropping that phraseology altogether. Eligibility for NE (Notional Entitlement) is to be considered in all cases where a tax credit claim has ended due to a household breakdown and a new household make up has been established and the claim for tax credits has been awarded, with a gap of 31 days or more in-between those two successful claims. Instead of withholding NE as the consequence for late or non-reporting of a change of circumstances, we should be making better use of the penalty process which has a slightly different (and correct) definition for fraudulent behaviour.”*

While the re-evaluation of the policy was encouraging, we are still coming across cases where the TCO refused to apply Notional Entitlement because they used the out of date

guidance. TCO must do more to get this basic policy correct in every case.

During our discussions with the TCO on this, they saw:

*“The bottom line is some of our staff do not always recognise the right way to handle the customer issues, at the heart of that is our challenge around identifying and addressing the substantive matter.”*

The TCO also showed they understood the problems involved and told us of the steps taken so far to learn from the issue and find measures to resolve them.

This included:

- customer journey work on the end to end process because this was simply not customer focused,
- commissioning changes to the quality checking, to include *“Has the substantive matter been addressed at the earliest opportunity”*.

When a department is actively considering what it will take to improve service to customers, we will continue to support and encourage their actions. We recognise the TCO are keen to act on what we can tell them to help improve the service they offer. The TCO asked us to keep helping them by providing feedback on cases where the TCO did not recognise Notional Entitlement correctly.

Although this is just one of the areas where we engaged with the departments, it illustrates the need to strategically understand what information customer complaints provide about service. This is key to taking effective action to embed improvements in customer service and quality of complaint handling.

## Case study 1: Use of discretionary powers

### Issues

Mrs A was helping her mother with her tax affairs, which included making a claim for several years' tax repayments to HMRC. HMRC said legislation meant the years in question were out of time to repay.

Mrs A wrote several more times, asking HMRC to use their discretionary powers under Extra Statutory Concession B41 (ESC B41). HMRC can accept a late claim under ESC B41 where the overpayment of tax was due to their mistake (or another government department) and there is no dispute or doubt as to the facts. They have additional discretionary powers to accept a late claim if the customer was prevented from making a claim in time due to poor health or other good reason.

HMRC replied to each of Mrs A's letters repeating it was too late to carry out a review. Eventually, after Mrs A wrote to HMRC about ESC B41 again, HMRC did make the repayments she had requested. But it was unclear if this was the result of ESC B41 or another of their discretionary powers.

Mrs A wrote to us because she was concerned her case had taken so long to resolve. She told us she considered there was a training issue for HMRC staff to consider the terms

of ESC B41 in every case, rather than simply repeating a claim is out of time.

### Outcome

**The Adjudicator fully upheld this complaint.**

There is a legal time limit on repayment claims, and this means many people who make late claims are, rightly, unsuccessful. The conditions of ESC B41 are difficult to fulfil because of the strict criteria that must be met. We found HMRC had correctly repaid the tax under another of their discretionary powers and ESC B41 did not apply in the case of Mrs A's mother. However, the evidence did not support HMRC's position that they had considered ESC B41 each time Mrs A had written to them in her earlier letters to request it.

The Adjudicator agreed with Mrs A that HMRC needed to train their staff to be able to correctly consider and explain the decisions on the use of ESC B41 to their customers, especially where the customer had specifically asked for them to use the concession.

### Learning

The Adjudicator recommended HMRC consider the training issues this case had highlighted, which would allow them to properly explain their discretionary powers decisions to customers in similar circumstances to Mrs A. HMRC agreed to review the training provision under their Learning Lessons process.

“I am writing to thank you for taking the time to investigate our complaint, regarding the Tax Credit Office...although finances are a priority in day to day living at the moment, health is a bigger priority, which is why I can thank-you for your investigation, even when its outcome was not in our favour.”

Customer

## Case study 2: Working with HMRC on widespread issues

### Issues

Ms B wanted to make a claim for tax relief on mileage expenses and asked HMRC to open a Self-Assessment (SA) account for her as she believed this was the correct way to make her claim. HMRC set up a SA record for Ms B who then sent in tax returns covering three years. HMRC correctly dealt with them under their “process now, check later” policy, which meant the reason for the claim was not questioned at that time. HMRC sent Ms B a tax repayment.

Following a later check of her returns, HMRC found the expense claim was for home to office mileage, which is not an allowable tax relief. As a result, the earlier repayment was not due and HMRC asked Ms B to pay this amount back.

### Outcome

**The Adjudicator did not uphold this complaint.**

Ms B complained to us that she had told HMRC of the type of expenses she was claiming before they opened her SA record. We found no evidence to show HMRC were informed.

In addition, in their reply to her complaint to them, HMRC correctly explained that when a customer does send in a form to register for SA, HMRC do not comment on whether a claim for tax relief may or may not succeed. They also explained the other avenues available to Ms B if she wanted advice from HMRC, including their telephone helplines and internet pages on GOV.UK.

The Adjudicator decided the responsibility for incorrectly filling in the SA tax returns was Ms B's and all of the tax repayment was recoverable from her.

### Learning

The Adjudicator's Office identified this was one of many cases we received where the customer had claimed home to office mileage expenses, and had been facilitated through the same agent. It is well known to agents that this tax relief claim cannot be allowed.

We worked with HMRC to address the larger issue of the multiple claims, and provided advice on how to ensure consistency in their handling of complaints from the agent about his clients' disallowed expenses claims.

## Case study 3: New facts

### Issues

Miss C contacted us because she had tax credit overpayments in three separate years. This included a joint claim in one year, and single claims in two more. All Miss C's tax credit claims were for part years, which were all interrupted by changes in her circumstances.

Miss C complained to the TCO because she believed the overpaid amounts were due to the TCO penalising her for both the information she had supplied in one year and, separately, for information she had failed to supply in other years. The TCO considered her case under their Code of Practice 26 (COP 26). They decided the amounts were correct and asked Miss C to repay them in full.

When Miss C wrote to us to investigate her complaint she acknowledged she had not always provided information on time to the TCO.

### Outcome

**The Adjudicator partially upheld this complaint.**

During our investigation we found the TCO had applied their guidance consistently and were correct in their original decision to not give up the overpayments.

However, more information had come to light when we were considering the last of the years. A criteria of COP 26 is that the TCO need to consider if any evidence shows a customer was unable to meet their Tax Credit responsibilities. Our investigation pulled together information, which established there could be exceptional circumstances for Miss C. In her case an abrupt end to an abusive relationship meant she had to abandon a quantity of paperwork she needed to make her annual Tax Credit renewal.

We explained our findings to the TCO who recognised the impact of the new information. They revisited COP 26 for the individual year involved and agreed it was not reasonable to expect Miss C to meet her responsibilities on time. The TCO agreed to give up the latest year's overpayment.

In her recommendation letter, the Adjudicator made it clear that not pulling together a wider picture of

Miss C's circumstances was not a mistake by the TCO because the full story had not been presented to them.

### Learning

**For the Adjudicator's Office:** In keeping with our policy at the time, this complaint was partially upheld. However, we have since worked with the departments we adjudicate for to make our feedback to them more focussed on matters they should consider during their handling of a complaint. Now, in cases such as Miss C's where the department made no mistakes during their handling of the complaint, we classify them as not upheld.

“My wife and I do appreciate the time and thorough professionalism with which you and your team have investigated our complaint. Your final report is clear, understandable and addresses all of the issues we raised. Thank you.”

Customer

## Case study 4: TCO action in a joint Tax Credit claim

### Issues

Mr D complained to the Adjudicator about the TCO's refusal to give up overpaid tax credits for several tax years. Mr D maintained he had no knowledge of the joint claim for tax credits, which had been made in the name of Mrs D and Mr D.

Mr D explained he had now separated from Mrs D and she had made the claim for tax credits without his knowledge. He only became aware of the tax credit award and subsequent overpayment when his mail was redirected to a new address. Mr D asked to see copies of any forms they said he had signed. The TCO explained they no longer held the original claim forms to review. The TCO maintained that in the case of a joint claim, both parties are responsible for an equal share of any overpayments.

### Outcome

**This case was closed by mediation with agreement by both parties and was classed as partially upheld.**

We asked the TCO why they had not supplied Mr D with a copy of the form he had requested. They told us that they should have retained the form but attempts to retrieve copies had been unsuccessful, so could not check the original signature, or provide the information Mr D had requested.

In reply to our questions, the TCO agreed this meant they could not unequivocally say whether Mr D signed the forms. We recommended they look again at all of the facts of the case. We worked with them to review the full extent of the evidence they held, including that every tax credit payment had been made into an account in Mrs D's maiden name. As a result of our recommendation, the TCO decided in the circumstances Mr D would no longer be liable for the overpayments. They also agreed to pay Mr D redress. Mr D accepted the TCO's decision and the case was closed by mediation.

However, Mr D had to contact us again to say he was still being pursued for the debt. We contacted the TCO, and following the intervention of senior management the TCO finally cancelled the debt as agreed. They apologised and paid additional redress to Mr D.

### Learning

Mr D experienced two internal failings by HMRC, which dragged out his complaint and then compounded it. In both instances HMRC had the necessary information to provide Mr D with the correct customer service, but did not do so until prompted to by us.

The first issue highlighted that HMRC need to learn to interpret the sum of the evidence they hold before they take decisions on contentious issues. As well as coming to a fair resolution, this will help them gain an early understanding of the situation from their customer's perspective.

Secondly, the TCO told us they sent requests to the Debt Management (DM) team asking them to cease all recovery action against Mr D. Unfortunately these requests had not been carried out. During this phase of our involvement, senior HMRC managers recognised this was totally unacceptable and began a review. They agreed to take the necessary remedial action their review identified.

## Case study 5: Explanation of discretionary powers

### Issues

E Ltd submitted a voluntary disclosure for VAT for one year. They were charging their customers VAT on one aspect of their business, but now believed this was not subject to VAT. They asked for a repayment of amounts paid over to HMRC. HMRC agreed E Ltd had overpaid VAT on this and repaid a significant amount to the company.

HMRC visited the company several years later and established the claim for the earlier year had not been correct. However, by this stage E Ltd had stopped paying VAT to HMRC on the aspect involved. Subsequently, HMRC issued assessments to collect the underpaid VAT for the intervening years.

E Ltd argued HMRC's earlier decision told them they should not charge the output tax on the aspect. They believed they had 'legitimate expectation' that the advice they received from HMRC as reliable, and it guided their subsequent VAT submissions. E Ltd accepted the aspect does attract VAT and started paying the correct sums after HMRC's visit. But they believed it was unfair to apply the statutory position retrospectively.

### Outcome

**The Adjudicator partially upheld this complaint.**

HMRC's legitimate expectations discretionary power has six tests, which must all be met if HMRC are to be bound by any advice they gave. One of these is did they give clear and unambiguous advice. HMRC maintained they did not give clear and unambiguous advice about the aspect involved when E Ltd submitted their voluntary disclosure. As a result, E Ltd could not hold a legitimate expectation that they were doing things correctly.

All tests in HMRC's discretionary powers – including legitimate expectation – are, rightly, difficult to meet. This is in order for the correct amount of tax to be collected, as set out by Parliament. However, HMRC should have a thorough understanding of their own discretionary powers. We found HMRC reviewed all six legitimate expectation tests but at various times had told E Ltd that between three and four of the criteria were not met. Finally, HMRC decided only two tests were not met, and the tax was payable.

We decided it was reasonable to say the concession had not been met in full and the VAT arrears must be

paid. However, HMRC had caused confusion to E Ltd because of their mixed explanations of the six tests. We explained to HMRC how this had affected their relationship with E Ltd and HMRC accepted their explanations were unclear and offered to apologise to the company and pay redress in recognition of this.

### Learning

Confusing and apparently contradictory explanations on the use of their discretionary powers remains a problem for HMRC. This often results in customers understandably believing the outcome is unreasonable.

Where discretionary powers are being considered, the customer must always know how HMRC has decided on the outcome. If HMRC's stance subsequently changes, a clear audit trail and explanation of why the current view superseded the former will help HMRC to keep the customer properly informed.

In this case it was only when we engaged with HMRC on this point that the proper application of each part of the concession was reached and a clear explanation then made to E Ltd.

“Many thanks for arranging for the TCO to send the outstanding £100 redress payment; it’s much appreciated”

Customer

## Case Study 6: Explanations to customer

### Issues

Miss F and Mr G have a joint tax credit claim. Due to an increase in their household income they received too much tax credits and the TCO asked them to repay over a thousand pounds.

During the year Miss F had telephoned the TCO to request they stop the Child Tax Credits (CTC) element of their tax credits. She believed by letting TCO know their income had increased to over the income threshold, the CTCs would be stopped, preventing an overpayment. During the call the TCO adviser did confirm the amount of the CTC eligibility threshold. The advisor also told Miss F the TCO take the previous year’s income into account to calculate the current year’s tax credits.

Later in the year, the TCO issued further award notices that showed Miss F and Mr G still had tax credit entitlement but there was no further contact made by either Miss F or Mr G. When Miss F and Mr G sent in their annual declaration for the year their income was significantly more than the income they reported on their previous annual declaration. The TCO said the overpayment occurred because Miss F and Mr G delayed in telling the TCO of their increase in income. Therefore, Miss F and Mr G did not meet their responsibilities set out in COP 26 and so the TCO could not write off the overpayment.

### Outcome

**The Adjudicator did not uphold this complaint.**

COP 26 sets out the responsibilities for both the TCO and the customer. Our investigation found that the TCO complied with their responsibilities, updating the award on each occasion they were contacted by the customer.

In her decision letter to Miss F and Mr G, the Adjudicator explained that the TCO do not expect a customer to know how to calculate their CTC award. The customer’s responsibilities are to provide accurate and timely information, and to check that the TCO have correctly recorded the information the customer provided on the award notices.

The Adjudicator recognised that it was Miss F’s and Mr G’s intention to keep their tax credit affairs up to date but explained that no matter how careful and diligent a person is in reporting changes, an overpayment can simply be the result of an increase in household income. Even though Miss F changed the level of income part way through the year, by this time too much tax credits had already been paid. The Adjudicator agreed it was reasonable for the TCO to decide Miss F and Mr G should repay the overpaid tax credits.

### Learning

Providing details of changes in circumstances to the TCO is the responsibility of the customer and it is reasonable for the TCO not to unduly influence the declarations. In order to manage receipt of information from tax credit customers, the advice given by TCO advisers is set out in scripts, which have definite limits. By following the script, the telephone call from Miss F was handled correctly by the TCO adviser.

But our experience of complaints has shown a recurring theme where customers feel they were not fully informed of possible outcomes when informing the TCO of in-year changes in circumstances. This has included not being made aware that an in-year change can mean the customer will, inevitably, be overpaid tax credits.

By understanding the cause of these and similar complaints, the TCO can learn where to allow additional flexibility to their advisors, which will improve the service they give to their customers and reduce the number of complaints they receive.

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# Stakeholder feedback



**Edward Troup**  
Tax Assurance Commissioner and  
Second Permanent Secretary,  
HMRC

As HMRC continues to transform tax and payments for our customers, the independent feedback and insight we receive from Helen Megarry and her team helps us to focus on areas where we still need to improve. We welcome the challenge and learning from complaints, which Helen has shared at the Department's "Don't Waste Complaints" Conferences, and with the Board. We recognise the importance of listening to customer feedback, and learning from complaints so that we can make the necessary changes to our services.

The Department has invested in improving our approach to resolving complaints, and this is now reflected in our improved performance, including in the outcomes of the cases which customers refer to the Adjudicator. We recognise that there is more to do, and are committed to continuing to improve.



**Penny Ciniewicz**  
Chief Executive,  
Valuation Office Agency

The VOA are the public sector's property valuation experts and advisers. Our people take great pride in their work and aim to provide a high standard of service to our customers, so they have confidence in us and the way we carry out our business. We are committed to looking for ways to improve. We value the work of the Adjudicator's Office, as they provide a crucial check when things have gone wrong. Any upheld complaint is a missed opportunity for us to have got it right first time, and we reflect on each case the Adjudicator has investigated to consider what we could have done better. I'm grateful to Helen Megarry and her team for their critical eye, robust investigations and their continued engagement with us over the past year to provide feedback on the service we deliver to the public.

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# Parliamentary and Health Service Ombudsman (PHSO)

If a customer remains dissatisfied with the Adjudicator's recommendation, they can ask their MP to approach the PHSO. The PHSO feedback their findings to us:

"The Adjudicator's Office investigation was thorough and provided a clear and correct response. They carried out a very detailed, accurate and sympathetic investigation and uncovered all that happened. There is no evidence of any failures that would allow us to review their actions."

"We also found that... the Adjudicator explained things correctly to (the customer). Their conclusions were correct and reasonable."

"We have examined the papers and have seen that the Adjudicator carried out an in-depth and detailed investigation; they correctly identified all the errors made by HMRC and the impact they had on (the customer). They also provided clear, detailed and correct explanations. Most importantly, we concluded that the Adjudicator's recommendation for redress was reasonable in light of the particular circumstances of (the customer's) case. In summary, we have found the Adjudicator's investigation was sound, her findings accurate and explanations correct."

"The Adjudicator undertook a thorough investigation and reached sound conclusions based on the information presented to her, we

have concluded that there is no basis for us to uphold (the customers') complaint."

"We consider the Adjudicator made a full and thorough consideration of (the customer's) complaint, the Adjudicator gave the correct information and advice regarding that issue, and we do not uphold the complaint...We agree with the Adjudicator's decision; we saw no grounds to disagree."

"We see nothing unfair or unreasonable in the Adjudicator's decision that there were no grounds for overturning TCO's decision that (the customers') overpayments should be recovered. Neither is there anything to indicate that the Adjudicator's case handling was flawed. Therefore we have no reason to disagree with her findings."

"While it is clear that several errors were made by HMRC in this case, we consider that the Adjudicator has made a proper and thorough examination of the evidence available. She identified the reasons for the overpayment arising and reached appropriate conclusions both on the recovery of the outstanding overpayment and the redress due to (the customer) from HMRC."

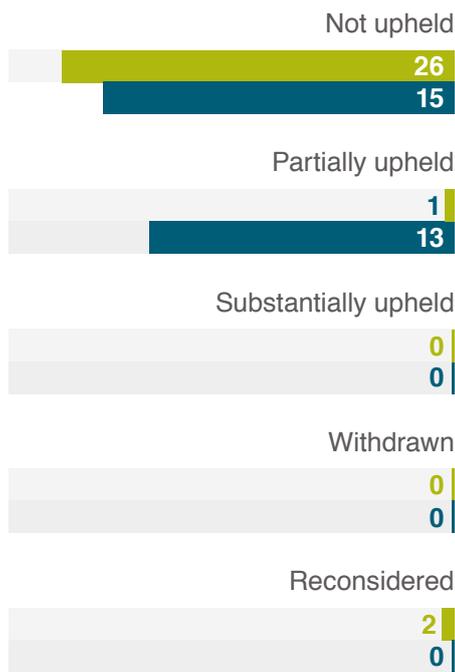
"The Adjudicator's review was thorough, and provided clear, detailed and correct explanations."

# Valuation Office Agency

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 2016-17 we received 26 new complaints. We resolved 29 cases in total, partially upholding 1 case. No cases were mediated directly between the customer and the department.

## Outcomes



**2016-17 Total 29**  
**2015-16 Total 28**

Of the cases we closed this year, the majority were about council tax. Many of these included concerns about the correct council tax banding of properties. The Adjudicator is unable to consider complaints about valuation judgements as these are outside of her remit. About one third of the complaints included issues connected to business rates. Many of these were about the operation of the business rates system which, again, falls outside of the Adjudicator's remit.

The volume of complaints about the VOA has remained steady and they 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 other relevant costs. The graph shows the sums recommended this year.

## Redress paid 2015-16 (£)



**Total £370.05**

“I understand the limitations of your powers and the constraints that this placed on the investigation. While you were unable to uphold the main aspect of our complaints, nevertheless I feel that your report moves us forward sufficiently for me to achieve closure with HMRC.”

Customer

## Case study 7: Council tax banding

### Issues

Mr H bought a four bedroom detached property in the early 1990s. He contacted the VOA in 2012 pointing out that a house of the same type on the estate was in a lower band and asked for the band on his house to be reduced in line with this. The VOA reviewed the band but did not alter it.

A few years later, Mr H's agent approached the VOA on his behalf on a no win no fee basis. The agent secured the band reduction Mr H had previously asked for, correctly backdated to 1 April 1993, and Mr H received a full refund of overpaid council tax.

Mr H asked the VOA to reimburse his agent's fees on the basis that the VOA should have reduced the band at his earlier request. The VOA agreed that they should have reduced the band then because they had subsequently found their survey data records for Mr H's area were not correct. However, they said Mr H could have pursued the matter with them direct instead of employing an agent. Under their policy they reimbursed 50% of the agent's fees because Mr H had not mitigated his losses.

### Outcome

**The Adjudicator partly upheld this complaint.**

In cases such as this, VOA consider costs under the terms of their shared responsibility policy. The Adjudicator found that the VOA had applied their policy fairly and did not recommend any additional payment towards Mr H's agent's costs. In reply to our questions, they acknowledged more than an apology was warranted, but they considered the payment they had already made was in respect of both the agent's costs and for redress to Mr H.

We saw that the payment only equated to 50% of the fees so did not include a redress payment to recognise the way their actions had impacted on Mr H. We worked with the VOA to help them understand the worry and distress to Mr H and consider that under their own guidance, an additional payment was appropriate. The VOA apologised to Mr H and paid him reasonable redress in recognition of the way they had dealt with him.

### Learning

The VOA had dealt with the matter of the costs correctly, in line with their guidance. However, in cases such as Mr H's, it will help to consider all of the separate elements of their redress guidance that might apply, and keep records that they did so. If the VOA had done this earlier, it is probable that the Adjudicator would not have upheld any aspect of Mr H's complaint.

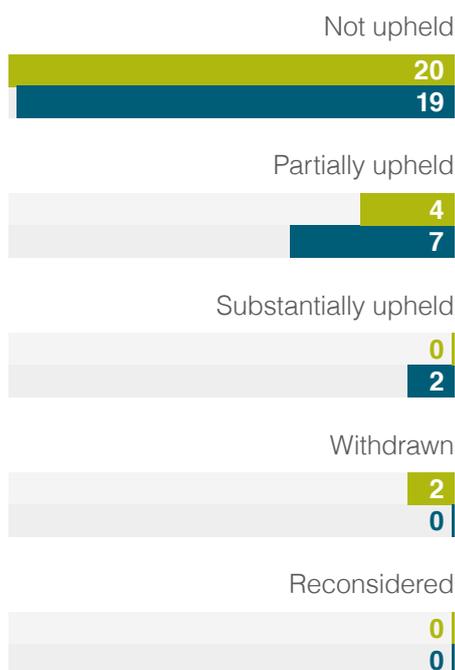
# The Insolvency Service



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.

In early 2016, the Insolvency Service took the business decision to resolve their complaints in-house. During our relationship the Insolvency Service remained open to feedback and learning from complaints, this helped them in their decision to resolve their complaints themselves. The Adjudicator's Office no longer investigates new complaints about the Insolvency Service.

During 2016-17 we received 5 new complaints. We resolved 26, partially upholding 4 cases and substantially upholding 0. No cases were mediated directly between the customer and the department this year.



**2016-17 Total 26**  
**2015-16 Total 28**

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 examined complaints about The Insolvency Service very carefully to ensure she only investigated matters that were within her remit.

The Insolvency Service accepted all of the Adjudicator's recommendations.

Case study 8 refers to compensation for loss of wages following the insolvency of an employer. 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.

On occasion, the Adjudicator's Office recommended 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 in 2016-17, prior to the end of our relationship with them.

## Redress paid 2015-16 (£)



**2016-17 Total £300**

“My husband and I are in receipt of your letter dated 8th August 2016. I want to thank you for the thoroughness with which you have investigated the matter. I suspect that thanks is not something that you routinely expect when you are not giving the customer the outcome they are hoping for.”

Customer

## Case study 8

### Issues

Miss J had complained to the Redundancy Payments Service (RPS). The RPS is a section within The Insolvency Service that operates a fund out of which compensation payments are made to former employees of insolvent employers. The RPS can make redundancy payments to employees, in place of their employer, if the employer is made legally insolvent and the employee has not been paid what they are due.

Miss J had been made redundant when her employer became insolvent but her redundancy payment claim had been reduced by RPS because they decided a state benefit claim could have been made after her redundancy. Miss J complained to us that she had not been provided with an explanation of the legal authority used by the Insolvency Service in making the deduction from her claim.

### Outcome

**The Adjudicator partially upheld this complaint.**

The Adjudicator found that the RPS had followed their policy and previous case law in making the deduction. In addition, The Insolvency Service had also provided details of the relevant case law to Miss J promptly once she had requested this. As a result, neither aspect of her complaint was upheld.

However, our investigation found that the RPS had made a mistake in the amount deducted from Miss J's redundancy claim. In correspondence with us, The Insolvency Service acknowledged their mistake and agreed that they would make the correcting payment to Miss J, plus an apology and a payment of redress, as well as an explanation for their mistake.

### Learning

The payment error meant this case was upheld in part, as it had not been spotted during The Insolvency Service's handling of the complaint. However, this case otherwise demonstrated good customer service from The Insolvency Service by responding to Miss J's complaints promptly and providing clear information both up front and in reply to the customer's request.

## 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 24 complaints about the level of service we provide. These were about a number of different issues particular to a customer's circumstances, but the majority were about the length of time taken to begin our investigations.

In 2016-17, we increased our focus on what expressions of dissatisfaction told us about our service. We used this to understand what changes we needed to make, to improve customer service. By the end of the year, customers were waiting less time for an investigation to begin. In addition, we committed ourselves to providing a resolution to a complaint on average within seven months of receipt. We will continue to critically examine complaints about us to look for opportunities to do better.

However, the fact remains that the Adjudicator's Office carries out detailed investigations. These usually require contact with the customer and the department, as well as independent research. They are not a 'quick fix' and our investigations can take time to

conclude. Because each case is different and needs to be investigated on its own merits we cannot predict how long each investigation will take.

The 'Complaints about our service' leaflet, which is available on our website, tells our customers how to raise their concerns.

### Queries about the Adjudicator's recommendation

The Adjudicator usually only reconsiders 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 does 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 and Health Service Ombudsman if the customer remains dissatisfied.

### Adjudicator's Office digital presence

In 2016-17 our website [www.adjudicatorsoffice.co.uk](http://www.adjudicatorsoffice.co.uk) was visited 107,538 times, averaging over 8,950 visits per month. This is an increase of over 26,000 visits on the previous year.

In our 'Business Plan for 2016-18 and Vision up to 2021' published on 3 November 2016, we said we would seek out opportunities for new ways for our customers to contact us. We are looking into ways in which we can open up digital channels of communication and we are working with our IT and security colleagues on this.

# How we are organised

2017



# Community wellbeing



We support programmes and initiatives that can make a positive difference to people.



- We took on our first ever Civil Service business apprentice.
- We rationalised our floor space and reduced our need for business travel with the return of colleagues to HMRC in Newcastle.
- We also increased the numbers of colleagues in our Nottingham strategic site, which included innovative ways of ensuring maximum use of our work space and information technology.
- We have begun the process of migrating colleagues from our Derby office into Nottingham, which will again reduce business travel carbon emissions and costs.

# Learning from complaints



One part of our role is to provide examples to HMRC which emphasise the need to listen to what their customers are saying in order to learn from complaints. During 2016-17 we used our insight and expertise to support the departments to learn from complaints and improve services to customers at formal discussions at the highest levels of HMRC and through avenues such as our input into HMRC's 'Don't Waste Complaints' conference. This annual conference builds on HMRC's continuing in-house work under this heading.

Emphasis on HMRC delivery and addressing the customer's needs was high on the conference agenda including taking a more proactive approach while supporting customers' needs. HMRC's vision is to reduce complaints by improving their customer services. HMRC said they understood they must be responsive to listening to customers rather than making assumptions about customers' needs. HMRC recognised that to understand their customers they need to listen and liaise with them.

Helen Megarry presented our Vision and what we can all learn from the benefits of good complaint handling. Helen focused on our need to be responsive to customers' needs while acknowledging that this may be different to what they would want. Further, Helen emphasised to HMRC

that complaint handling should be trusted as fair and responsive. Throughout the day, the Adjudicator and other colleagues worked together with HMRC counterparts on matters highlighted by the event.



(above: Amanda Campbell- Chief Executive Officer Parliamentary and Health Service Ombudsman, Helen Megarry- The Adjudicator, and Edward Troup- HMRC Executive Chair)



(above: Adjudicator's Office colleagues contributing to HMRC's 'Don't Waste Complaints')

## Commonwealth Association of Tax Administrators

The departments we adjudicate for ask for our expertise as part of their delivery of their wider responsibilities. This year, the Adjudicator's Office was asked by HMRC to give our expertise on complaints handling to a delegation of 32 of the Commonwealth Association of Tax Administrators (CATA). This international flagship programme is a key part of HMRC's wider work on capacity building for developing countries.



(above: Jane Brothwood- Head of Office, and colleague with delegates from CATA)

## Ombudsman Association

The Adjudicator's reputation amongst the wider Ombudsman's community continues to grow, with Helen Megarry's election to the Ombudsman Association Executive Committee. In addition, Jane Brothwood chairs the newly formed Ombudsman Association Casework Group.

# Finance 2016-17



The Adjudicator is an independent appointment agreed by the departments for which she adjudicates.

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 current Service Level Agreement was signed in 2011 and is due for replacement. The new agreement will be negotiated between the Adjudicator, Helen Megarry, and HMRC.

Budget	Actual	Underspend
£2,061,062	£1,848,661	£212,401

The Adjudicator's salary is set by reference to the Ministry of Justice pay scales. There was a 1% pay rise in 2015-16 for judicial salaries Group 6.2. The Adjudicator's salary range remains £120,000-125,000.



# Managing our Risks



In our Business Plan for 2016-18 we highlighted some of the risks involved in realising our Vision up to 2021. As the examples below illustrate, we continue to make positive steps in these areas.

Risk: New services are developed and delivered without understanding our customers' needs and preferences resulting in the loss of trust in our handling of complaints.

So far:

- The Adjudicator's office hosted conferences on our Vision with our Charter Committee, and key stakeholders from customer's representative organisations, who included Age UK, Low Income Tax reform group and Chartered Institute of Taxation. Discussions took place around the journey of a complaint from start to finish in the Adjudicator's Office and input from the both fed into our ongoing transformation plans.

Risk: The departments don't respect us and accept our decisions or act on our feedback with the result that end to end complaint handling is not improved, and there is no overall improvement in customer service.

So far:

- The departments accepted all of the Adjudicator's decisions.
- Helen Megarry and Jane Brothwood continue to emphasise the need for additional strategic changes within the departments at the most senior levels.

Risk: We don't cultivate a learning culture that ensures everyone role models expertise and positive behaviours and has the right skills to offer a professional service.

So far:

- Staff successfully progressing through internationally recognised qualifications.

Risk: We don't develop strategies and practices to develop an engaged workforce who understand and are committed to our vision.

So far:

- Our Community Group of frontline staff continue to identify new ways of working to increase the efficiency of our case handling processes.

Risk: We don't secure the sustainable funding necessary to support the delivery of our transformation agenda.

So far:

- We've been assured of funding for our staffing bid based on our estimate of new complaints in 2017-18.
- There has been positive engagement and support from HMRC for our transformation programme. At the time of producing this report, we are waiting for the outcome of wider HMRC funding discussions on transformation funding.

# How to contact us

**Post:**

The Adjudicator's Office  
PO Box 10280  
Nottingham  
NG2 9PF

**Telephone:**

0300 057 1111

Monday to Friday between 9am and 5pm (except Bank Holidays).  
Typetalk facilities are available.

**Fax:**

0300 059 4513

**Website:**

[www.adjudicatorsoffice.gov.uk](http://www.adjudicatorsoffice.gov.uk)

In 2016-17 our website was visited 107,538 times, averaging over 8,950 visits per month. In response to our customers' feedback we are exploring ways of opening up our communications to include a digital channel.

Please note that we are only able to help with complaints about HM Revenue of Customs and the Valuation Office Agency



Photography by Vikki Ellis





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