



Peter Bone MP
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House of Commons
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17th September 2021

Dear Peter,

Misleading answer to your Treasury Question on the Loan Charge

First of all, thank you for raising the unjust Loan Charge at Treasury Questions on Tuesday 7th September, on behalf of all those who have or are facing this draconian and unjust policy. Your willingness to understand the issues involved and to speak out against your own party's policy from the very beginning are deeply appreciated and continue to give much needed hope to so many.

We are writing to you following your important question about the Loan Charge in the House of Commons – and the response from Jesse Norman, the responding Treasury Minister.

You asked:

“The problem that Members have on both sides of this House is that ordinary people were duped into something and it has effectively become a retrospective piece of legislation. I thought the way that the Shadow Minister, the hon. Member for Ealing North (James Murray), approached this was very reasonable. HMRC is not taking the right approach. Perhaps the Government could look at that again.

Jesse Norman replied:

I thank my hon. Friend for his question. I have mentioned the extra care and support that HMRC has put in place. I have mentioned the extremely careful approach that it has taken with people who may be facing the loan charge. As he will be aware, it has not initiated insolvency proceedings against any taxpayer for a loan charge debt and that in itself is emblematic of the care and attention that it is taking with this subject.

His answer, as usual, is deliberately misleading, as well as at odds with the reality of the Loan Charge, the way HMRC are treating those facing it and the impact it has on so many families.

Taking the key points in turn:

1. The reality of HMRC's treatment of people facing the Loan Charge

Jesse Norman claimed that there is “extra care and support that HMRC has put in place”. Frankly, this is as absurd as it is offensive, considering that HMRC’s pursuit of people facing the Loan Charge has led to at least seven suicides.

Far from offering extra care and support, HMRC are ruthlessly pursuing people facing the Loan Charge (which cannot be appealed in court) demanding unaffordable sums that people simply cannot pay.

The reality of the aggressive, unreasonable and at times incompetent way HMRC have dealt with people facing the Loan Charge was laid bare in [the damning report by the then Loan Charge APPG](#) in June 2019. The report highlighted unaffordable Time to Pay (TTP) offers, aggressive communication, threats of bankruptcy, unreasonable delays, inconsistencies, punitive rates of interest and totally unrealistic settlement terms. We can tell you direct from our members, that this kind of behaviour has not changed.

2. There have been bankruptcies of people facing the Loan Charge

Jesse Norman trotted out the deliberately misleading line that “HMRC has not initiated insolvency proceedings against any taxpayer for a loan charge debt”.

This is, yet again, a deliberately misleading propaganda line, that gives the false impression that there have not been bankruptcies of people facing the Loan Charge. It is not relevant whether HMRC initiate insolvency proceedings, this is a deliberate attempt to cover up the reality and similar to the equally disingenuous line used by HMRC, that they “do not want to” make anyone bankrupt.

The reality – as Jesse Norman must surely know – is that there have been bankruptcies of people facing the Loan Charge, as well as people already having to sell their family homes.

One such unsettling and upsetting case you are aware of (which the then Loan Charge APPG challenged HMRC over directly) involved the individual being made bankrupt and then locked out of her home.

It is both notable and significant that Jesse Norman and HM Treasury have so far *refused* to answer the very simple and straightforward questions of (a) how many people who have faced the Loan Charge have gone bankrupt and (b) how many bankruptcies did HM Treasury/HMRC predict would happen as a result of the Loan Charge policy. The fact that they simply will not answer these two questions speaks for itself. They know full well that there have been bankruptcies and that there will be many bankruptcies if they enforce the Loan Charge. Yet they won’t admit this, even in response to parliamentary questions – and instead peddle the well-polished propaganda line that HMRC “don’t want to” make anyone bankrupt. It is deliberate, deceitful and clear attempt to cover up the reality of the Loan Charge.

As well as the bankruptcies that have already happened, LCAG are aware of cases where HMRC have threatened debt enforcement/debt collection. We know they are taking one person to County Court, despite them having a time-to-pay arrangement already in place. We have written evidence

of this and would be happy to share it with you. Some people are being encouraged to take out equity on their family homes (some have already done this just to clear the supposed 'debt') and others are having charges put on their home.

Far from demonstrating any 'extra care and support', the fact is that Mr Norman's deliberately misleading answer is emblematic of the way that he, the Treasury and HMRC continue to mislead MPs over the Loan Charge.

In contrast, your statement in the House of Commons was accurate. You stated, that "HMRC is not taking the right approach" and those facing the Loan Charge would strongly agree with you. It is an approach that, if continued, will lead to more suicides and more lives ruined.

According to the Loan Charge All-Party Parliamentary Group Survey of People facing the Loan Charge Survey in May this year, 75% of respondents say bankruptcy will be inevitable to them if HMRC enforces the Loan Charge, with 84% saying that this will directly impact their future work prospects. More than three-quarters (77%) of respondents are endangered of relying on state benefits because of their Loan Charge situation, with 38% expecting immediate dependence on benefits and the remainder foreseeing this closer to retirement. More than half (55%) of respondents expect having to sell their primary residence and/or having to release their equity (63%). More than eight in ten (82%) would need to borrow substantial amounts to repay the Loan Charge and eight in ten (70%) would need to use their pension to either pay the Loan Charge specifically or debt incurred as a result of the Loan Charge.

You asked "perhaps the Government could look again" and we thank you for that and implore that you and colleagues continue to push for this, before HMRC enforce the Loan Charge. As you know, and have raised in the House of Commons, there have been seven confirmed suicides of people facing the Loan Charge, as well as bankruptcies and people losing their homes. There will inevitably be many more such cases as the Loan Charge comes into full effect – it is a timebomb waiting to explode unless the Government changes course.

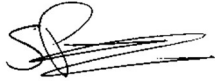
There are now over 130 Parliamentarians from all parties who have signed the open letter to the Prime Minister and the Chancellor asking them: "to consider all options to resolve the issue, fairly and practically, once and for all." We sincerely hope that this may happen.

We note that since you asked your question, Jesse Norman has been sacked by the Prime Minister. Considering the way that he has dealt with the Loan Charge issue, has consistently given partial and misleading answers and has actually sneered at questions about suicides, it won't surprise you to know that Loan Charge victims warmly welcome the Prime Minister's decision to sack him. We now hope that the Treasury will show some humanity and compassion, and do as you implored, and look at the Loan Charge again.

A huge thank you again to both yourself and the many other MPs who have taken the time to listen to their constituents, to understand the complexities of this whole sorry mess and who have had the courage to publicly voice their views in support of those impacted.

Thank you again for your question and for giving a voice to the tens of thousands of families across the UK impacted by the cruel, retrospective and unfair Loan Charge. More and more MPs are beginning to appreciate the injustices of the Loan Charge and we hope that you and your colleagues can persuade the Government to listen to their fellow MPs and accept that they need to take another look at how to resolve the Loan Charge Debacle once and for all before more lives are damaged or lost.

Yours sincerely



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

On behalf of the Loan Charge Action Group