



Loan Charge Action Group

Recruited into a life-ruining nightmare

Report on recruitment agencies' role in the Loan Charge Scandal

Recruitment Agencies are responsible for clients facing the Loan Charge yet have faced NO action from HMRC or Government whilst those who current Treasury Ministers have described as *victims of mis-selling* are still being pursued and blamed.

**Loan Charge Action Group Report
October 2025**

Introduction – Recruitment Agencies were directly involved in the Loan Charge Scandal

A key, but previously under reported, aspect of the Loan Charge Scandal is the fact that many recruitment agencies and recruitment consultants were complicit, and indeed instrumental, in ensnaring victims into the Loan Charge Scandal.

Many recruitment agencies, including leading names in recruitment, directed their clients to umbrella companies who then recommended that they use schemes now subject to the Loan Charge. In some cases, the recruiter directly recommended the remuneration schemes or referred to them, when referring people to the umbrella company.

Recruitment agencies either put forward people to one umbrella company as their recommended payroll solution or provided them with a preferred supplier list (PSL) which was a list of approved umbrella companies/payroll providers.

The reality is that these recruitment agencies and, in some cases, individual employees/agents were receiving generous commissions for recommending these umbrella companies. In most cases, they did not tell their clients of any such commissions and did not therefore tell them they had a financial arrangement in pushing them towards that particular umbrella company or payroll provider.

The companies that paid the best commissions and incentives (often referred to as ‘kickbacks’) were of course the ones that were involved in payroll loan schemes and making substantial profits from directing people towards them. In some cases, these umbrella companies were actually linked to the schemes or their promoters/directors. This was of course not known to those being advised to use them.

There was mis-selling of payroll loan schemes – as entirely legitimate, HMRC compliant and risk free – by various parties and professionals, on an industrial scale. The direct mis-selling on the part of those who promoted and operated the schemes and the umbrella companies linked to them has been well-documented, most notably in the damning [report by Tax Policy Associates published in January 2024](#). However, mis-selling by other parties and professionals has been much less documented, hence this report into the largely ignored role of recruitment agencies.

LCAG is publishing this report and has also submitted it to the McCann Review into Loan Charge settlement terms, so that Ray McCann is made fully aware of the role of recruiters in the Loan Charge Scandal.

It is also further evidence that exposes the disgraceful decision by the current Government to commission only a very restricted review, that doesn’t include a proper examination of the role of recruiters and other professionals (and rules out recommendations to pursue them for any of the disputed tax).

Treasury Ministers had promised a fresh, truly independent review into the Loan Charge and yet then broke this promise, by announcing a review that looks only at settlement terms (and continues to assume that the affected workers are ‘guilty’ and thus liable for the disputed tax)

Sky News Report March 2025

A powerful Sky News report, aired in March 2025, has finally exposed the direct involvement of recruitment agencies in the Loan Charge Scandal on the national stage.

In this exclusive report, based on months of research and interviews, Sky News published “Major UK recruiters linked to tax avoidance schemes after workers hit with crippling HMRC demands”.

The report describes how, over the course of two decades, some of Britain's biggest recruitment companies were involved in the Loan Charge Scandal by recommending umbrella companies that enrolled them in schemes that are now subject to the Loan Charge.

Umbrella companies would manage the payroll so that businesses could avoid bringing workers onto their direct payroll. Others asked workers, to declare themselves as self-employed, while continuing to distribute their pay.

As the report states “loan schemes became enmeshed in the recruitment supply chain”.

The report describes two case studies, one of Manuel Bernal, who obtained a piping supervisor job through Atlantic Resourcing, the recruitment arm of the energy giant Petrofac. In 2006, he was placed on an EDF plant in the Shetlands. He received a contract between Atlantic Resourcing and an umbrella company, which managed his pay. Weeks after he started working, he says he was pushed into an arrangement with a different company, which took over the payments. Hundreds of people were working on the site and “everybody on the management side was on that scheme”, he said. Mr Bernal was assured that everything was above board.

However, he later faced demands from HMRC for what they claim was tax that was avoided through use of the very umbrella company that he had been recommended to use.

As Manuel told Sky News:

“At the time, I was in two minds [whether] to pay or not to pay... At the time I couldn't pay. I was short of money because I had cancer and I couldn't work... I thought, 'why should they not pay any money?’

“(HMRC) kept sending letters when I was in hospital and my wife had to deal with it. Eventually, I sent in a doctor's report and they stopped.”

The second case study, John (not his real name), an IT worker, felt he was in safe hands when he used an umbrella company that was on an approved list given to him by the household name, Hays recruitment, back in 2010. Hays is one of the best-known recruitment agencies in the UK.

As John said in the interview with Sky News:

“I thought Hays is one of the biggest recruitment companies in the country. They're saying they are okay, so I started using them.”

Sky News said that HMRC has previously warned recruitment agencies that they will face penalties if they refer people to non-compliant umbrella companies, but has not confirmed whether fines have ever been levied. As far as LCAG is aware, no such fines have been issued.

A third case study featured Peter (not his real name) who worked for the Government itself and yet is facing the Loan Charge. He worked at the Department for Business, Innovation and Skills as a project manager for the regional growth fund, a role he was recruited into in 2012 by well known recruiters Capita. Capita recommended that he use an umbrella company, which he was told was “above board”. Peter told Sky News that he assumed that by accepting the advice of a huge and reputable company like Capita, he would be fully compliant, he said:

"I'm really angry. [Capita] gave me confidence. They are the key agency for central government work... If Capita say something to you then you believe it's correct. You have to trust what you're told."

Following the introduction of the Loan Charge, Peter was inundated with letters from HMRC and in 2019 he tried to take his own life, one of 13 people known to have tried to kill themselves facing the Loan Charge (as well as the 10 confirmed suicides). Peter told Sky News:

"I sent them [HMRC] a suicide note because I was just fed up with all of this," he said. "I've been on anti-depressants. I live in denial. I drink alcohol sometimes quite a bit."

Sky News reported that they have spoken to other Whitehall workers who have also been affected. The Loan Charge Action Group is aware of many other cases of people who worked for the UK Government, including for HMRC themselves, who were advised to use umbrella companies that put them into schemes now subject to the Loan Charge.

The Loan Charge Action Group wishes to thank Sky News for properly exposing this aspect of the Loan Charge scandal and expresses gratitude to Manuel, John and Peter for having the courage to be interviewed, enabling this troubling story to be told.

Loan Charge APPG report exposed recruiter ‘kickbacks’ for recommending rogue umbrella companies

The [Loan Charge APPG’s report from 2021 ‘How Contracting Should Work’](#) looked at the whole contractor/freelancer supply chain, which is notoriously complex and often hard for workers to understand, making it a hot bed of malpractice and creating opportunities for tax avoidance promoters.

The inquiry found that operating an ‘in-house’ payroll was a cost to recruitment agencies, but that if they outsourced it, could provide them with a revenue stream. With an outsourced payroll, recruitment agencies found that they could demand ‘kickbacks’ or incentives from umbrella companies as a condition for being included on a preferred supplier list or to be recommended to clients.

The report exposed some of the ‘kickbacks’ financial incentives and commissions paid to recruiters by umbrella companies that put people into schemes now subject to the Loan Charge.

The report states:

"There have also been repeated concerns raised about recruitment agencies referring contractors to specific umbrella companies, sometimes in return for financial incentives."

Agencies could then demand as a condition of employment that their workers use a particular umbrella company or payment intermediary on their preferred supplier list. The 'kickback' payments received by the recruiters that allowed the umbrella company to be included on the agency's Preferred Supplier List were sometimes a one-off fee (the report gives examples of £30,000 and £45,000) or took the form of a rebate for each of the timesheets processed by the umbrella company – evidence sent to the inquiry showed that in some cases this was 50% of the fee charged by the umbrella company to the contractor.

The reports quotes Dave Chaplin of Contractor Calculator who provided evidence on the scale of commissions taken by recruitment agencies:

"These [kickbacks] are effectively timesheet commissions or disguised commissions, and can be as much as 50% of the fee being charged to the contractor."

This means that up to half of the contractor's payroll fees could be going to the recruitment agency rather than providing actual services.

Chaplin also compared this practice to organised crime tactics, stating:

"This is nothing short of a pickpocketing racket."

Non-compliant providers (who because of non-compliance had higher margins) offered larger bonuses to the recruitment agencies to gain access to potential clients. The workers that were then forced to work through them by their recruitment agencies would often then subsequently be placed into using arrangements that were so-called disguised remuneration schemes and later became subject to the Loan Charge. The inquiry found that non-compliant payment intermediaries got a foothold in the market because it was only those organisations that could afford the highest kickbacks to recruiters.

The FCSA (Freelancer & Contractor Services Association, an umbrella company trade body) confirmed this in a letter to the APPG that recruitment agency rebates and kickbacks were common. They said:

"FCSA does not in any way approve of this practice but it is a common element within the supply chain (and in other sectors) and again is driven by the supply chain, with umbrella companies always at the bottom of that chain and so are often given a 'take it or leave it' option."

In addition to the "one off" and timesheet rebates previously mentioned their letter goes onto say that:

"Some recruitment agency directors will insist on incentives such as new kitchens or paid for luxury holidays or indeed pre-paid credit cards. The message to the umbrella being 'pay or you don't get our business'"

Crawford Temple of Professional Passport, another trade body made up of umbrella companies, highlighted how these financial incentives impact Preferred Supplier Lists (PSLs):

"Commission payments agreed between providers and recruitment companies can be significant, and this is a factor influencing PSL compositions."

Temple further warned that:

"Some recruitment agencies make significant financial gains by steering contractors into certain umbrella companies."

Recruitment agency demands for incentives and kickbacks from payment intermediaries have resulted in many non-compliant payment intermediaries/umbrella companies entering the market. These non-compliant payment intermediaries have placed many workers (often without their knowledge) into so-called disguised remuneration schemes. HMRC have then unfairly persecuted these workers for using these arrangements.

A stark example of this was provided in a submission to the inquiry from a small umbrella company, as follows:

"... as an example, I have been involved in tenders where the recruitment agency has asked for £45,000 upfront and then £16.50 per person, per timesheet. At our company we charge our off-payroll workers a £20 margin and that is it. The level of monies being passed through to agencies or businesses breed the dishonest approach as there is no other way to pay for it. How can any umbrella company afford those upfront costs, £16.50 per person, per timesheet and have a work force of 150 employees as well as other substantial business costs? It is mathematically and financially impossible unless you are making money from additional revenue streams, such as illegally retaining holiday pay, deducting employers NI or App Levy from the gross payment to off-payroll workers. This does not mention under the table cash payments to recruitment consultants for business to be passed to the umbrella companies"

Although Section 5 of the Conduct of Employment Agencies and Employment Businesses Regulations 2003 makes it unlawful for a recruitment agency to force any of their workers to make use of a payment intermediary on their preferred supplier list, the REC (Recruitment and Employment Confederation) confirmed that they were aware of this practice and had received a number of complaints from contractors.

The summary of the APPG report concluded:

- Recruitment agencies demanding 'kickbacks' or incentives from umbrella companies for being added to a preferred supplier list/recommended to clients, even sometimes including fitted kitchens and holidays for recruitment agency directors. This then incentivises non-compliant providers (who because of non-compliance have higher margins) to offer large bonuses to gain access to potential clients.
- In some cases, contract, freelance and locum workers are being pushed to use a specific umbrella company and, in other cases, workers are given no choice as to which umbrella company to use, so the situation facing the worker is effectively 'take it or leave it'. This is a particular problem when the only source of work in a sector is via recruitment agencies. This is the case for many workers including some lower paid contract and locum workers.

- In some instances, public sector approved agencies and even public sector organisations themselves have recommended people use umbrella companies that have put them into ‘disguised remuneration’ schemes.

The APPG report made the following recommendations about these conclusions:

- To introduce statutory regulation for payment intermediaries. Given that the main representative bodies in the sector already agree with this, then the Government should proceed as quickly as possible to clean up the supply chain, the ‘wild west’, which is clearly where many of the problems associated with DR (HMRC’s so-called disguised remuneration) schemes have occurred.
- To strengthen, clarify and enforce the existing regulation that makes it unlawful for an employment business to offer a position that is conditional on using a specified umbrella company or payment intermediary, to stop workers being pushed or encouraged to opt-out of the Conduct of Employment Agencies and Employment Business Regulation 2003.
- To make it unlawful for agencies to receive financial incentives or ‘kickbacks’ from umbrella companies, via timesheet commissions, introductions, or otherwise.
- To introduce mandatory transparency, so that all payment intermediaries and agencies must disclose all fees and costs and explain all deductions, both in documentation and on payslips.
- The Recruitment and Employment Confederation should consider publishing clearer and stronger guidance about what is ethical and acceptable when it comes to the charging of fees for being on preferred supplier lists. We would particularly like to see the REC state that no recruiter, whether a member or not, should ever insist on undisclosed kickbacks.
- There should be an investigation into cases where a recruitment agency that is an approved provider to a public sector organisation, or a public sector organisation themselves, has recommended or obliged workers to use an umbrella company and/or where that worker has found themselves facing HMRC action as a result of being in a disguised remuneration/tax avoidance scheme. At the same time, public sector procurement rules must be tightened to stop any such occurrences happening in future.

None of these recommendations have been taken up by Government.

Other reports of recruitment agency commissions and kickbacks

The reality is that the receipt of commissions and kickbacks by recruitment agencies is well known in the sector, but something not known about outside of it – and something not explained to workers who were being advised to use certain umbrella companies or schemes.

Crawford Temple, CEO of Professional Passport explains in this [article in Contractor UK](#) how this practice started 20 years ago.

He explains how when this trend started recruiter kickbacks from umbrella companies were typically £2.50 per timesheet but more recently may be £12-£15 per timesheet in addition to a one-off contractor introduction fee of as much as £400.

Contractors and freelance workers had absolutely no idea of these commission and kickbacks when recruitment agencies – including blue chip and high street names – were recommending that they use certain approved umbrella companies or payroll loan schemes themselves.

It is therefore grossly unfair that the approach of Government has been to allow HMRC to blame and pursue those who followed these recommendations, having no idea of the financial incentives for doing so, whilst doing nothing whatsoever, about the agencies and individuals who made substantial sums from their self-interested and reckless recommendations.

Approved public sector recruitment agencies were involved

The situation appears to be a particular problem where roles are solely advertised via recruitment agencies, as this is then the only way workers in that sector, wanting to find work, can apply for roles.

This is the case when it comes to many public sector workers and even where people have applied for positions through public sector approved recruitment companies, they have still ended up being recommended to use umbrella companies and subsequently being placed unknowingly into non-compliant schemes.

A powerful article in [The Times in February 2019](#) described how social workers in Birmingham, who had helped turn around one of the worst children's social services departments in the country face huge tax bills, including those linked to Doug Barrowman, husband, then partner, of the then Conservative peer Baroness Mone.

The report revealed that social workers, recruited through recruitment agencies approved by Birmingham City Council, were being recommended to use SmartPay, a company based on the Isle of Man, founded in 2014 as part of the Knox group of companies.

One social worker, who worked with children in Birmingham and asked not to be identified, told The Times that the council was doing nothing she knew of to help staff with a "life changing" and "devastating" issue. She added: "I know that my own mental health is suffering and my ability to do my job is increasingly being compromised. I am tearful. I am not sleeping."

The House of Lords Economic Affairs Committee raised the plight of a social worker at an oral evidence session in October 2018 and it was subsequently cited in the Economic Affairs Committee publication *"The Powers of HMRC: Treating Taxpayers Fairly"*.

This also highlighted the profound injustice faced by many of the public sector workers caught up in the Loan Charge nightmare, that they were actually made redundant (or told they could not be employed by the council or public sector body) and had to work as a 'self-employed' contractor. The reason for this was simply because it reduced costs to the council or public sector body, it was a decision that the majority of such people had no choice over. They had to accept it or effectively not have the job.

The [case study from page 24](#) of that publication reads:

"I have a client who is a social worker. She was made redundant by her local council. ... It has a farewell party on the Friday and on the Monday it said "If you join this agency and use the scheme, we will re-engage you as a contractor."... She ... was re-engaged as a contractor for five years ... At the end of those five years, the council told her it would re-employ her as an

employee, which it did. She was unaware of what was going on. She now faces a loan charge equal to probably a year and a half's salary. She has no means of paying it. She is the only worker in that particular house; she has a young child and her spouse stays at home. If she goes bankrupt and it comes up on her next criminal records check, she cannot work. This is not a rich merchant banker who has done something wrong. This is a dedicated social worker. That encapsulates what the loan charge does; it is unfair and pernicious ... Yes, my contractor benefitted because she paid less tax. The Revenue was supine and silent and by its silence gave tacit approval to these schemes. In fact, that was used in the schemes' marketing: no approach from the Revenue meant they were Revenue approved ... The county council did not warn her, and the people behind the agency running the scheme, as is usual in these cases, were selective about the information that was made available. You could argue that she should have investigated and should have known more about this, but she is a social worker, she is not a tax expert ... How could a social worker be expected to penetrate that type of arrangement? It is just unfair."

The professional association for social work and social workers (BASW) published [an article](#) with a case study of one of their members who moved from her local authority to agency work and subsequently received a letter from HMRC telling her she may be involved in a tax avoidance scheme.

Yet the Government – and councils – have ignored this. They have chosen to completely ignore the fact that approved recruitment agencies were recommending that people use umbrella companies who put them into the schemes. Like most people, these workers are not tax experts and did what they were recommended to do, take and follow professional advice. They, however, face ruin, whilst the approved recruitment agencies have faced no action or sanction.

Any public sector approved recruitment agencies who have recommended people to non-compliant umbrella companies and who have put people into tax avoidance schemes, should face both appropriate action and also being struck off any approved list of providers to the public sector.

There should also be a proper investigation into the role of councils and other public sector employers who incentivised or actually pushed people into being 'self-employed' so they could reduce costs. These councils and public sector bodies are also complicit in the Loan Charge Scandal, along with their approved recruiters.

Instead, the Government has ignored all of this evidence and has effectively supported HMRC in blaming and pursuing the individuals, the recruitment agencies' clients. There has been no investigation into this, to identify which public sector approved agencies were involved and what incentives they were receiving. This is all part of the profound cover-up of the Loan Charge Scandal.

Contractors recruited through the Government's own approved recruitment agency face the Loan Charge

One of the most outrageous aspects of the whole Loan Charge Scandal is that workers who were recruited via the Government's own recruitment process – and through their approved recruitment agency/agencies – were advised to use umbrella companies and payroll providers who subsequently put people into payroll loan schemes.

There are many cases where people – like Peter in the Sky News report – were recruited to Government, through approved recruitment agencies and were referred to these agencies (all of which were supposed to have been approved and therefore vetted) by Government.

This continued when [Alexander Mann Solutions](#) (AMS) was awarded ‘Public Sector Resourcing’ and were given a £15 billion, 6-year contract with the Cabinet Office/CCS (procurement reference RM3749).

This is explained on the [Crown Commercial website](#):

“Public Sector Resourcing (PSR) is a single lot framework through which public sector authorities can source all contingent workers, excluding clinical workers. The strategic partner, Alexander Mann Solutions, will provide a fully managed end-to-end service enabling hiring managers to access contingent workers (that is, contractors and temporary workers)”.

AMS supplied contingent workers (temporary staff) to Government Departments, including the Treasury and HMRC and the wholly HMRC owned subsidiary, RCDTS (Revenue & Customs Digital Technology Services Limited).

Alexander Mann Solutions/AMS was perhaps a strange choice to be the Government’s chosen recruiter of all contractors, considering that founder James Caan [was accused of using his non-dom status to avoid tax](#) when he sold the company in 2002 (for £95 million according [to his own website](#)).

What is clear is that AMS had the legal responsibility for ensuring compliance.

HMRC engaged and used contractors who have used so-called disguised remuneration schemes that were recruited via AMS through the Public Sector Resourcing framework. HMRC say they are clear that these schemes don’t work and amount to tax avoidance, yet it turns out that not only have there been HMRC contractors using them, but some of these contractors have been recruited through the framework overseen by the company led by a previous FST’s husband.

It became public in October 2020 that HMRC have engaged and used contractors who have used payroll loan schemes, whilst working for HMRC. This was the subject of a [damning report by the Loan Charge APPG](#) which not only exposed this, but also exposed the fact that senior HMRC officials were not transparent and honest with the House of Lords Economic Affairs Committee.

A [Freedom of Information response](#) has revealed that 6 contractors were engaged via the Public Sector Resourcing framework, run/overseen by AMS.

As it states:

Six workers were supplied via Public Sector Resourcing (PSR). PSR is a single lot framework through which public sector authorities can source all contingent workers, excluding clinical workers. The strategic partner, Alexander Mann Solutions are [sic] supported by over 350

specialist recruitment agencies classified by their capability to deliver different categories of role.

The contract (Framework Agreement Schedule 2: Part A: Services) states:

1.11 The Service Provider shall ensure all Workers engaged through the Public Sector Resourcing Model comply with all legislative and regulatory requirements, as detailed in the terms and conditions of the Framework Agreement.

and

6.1.17 – h Legislative Compliance – functionality to demonstrate compliance with all relevant legislation (such as, but not limited to, Agency Worker Regulations)

and

10.1.1 The Service Provider shall be responsible for the provision of payroll services for all Workers engaged via Non-Agency Supply routes and Agency Supply routes.

Alexander Mann Solutions, as the sole service provider, therefore had the duty to ensure all workers engaged through the PSR model complied with all legislative and regulatory requirements, as detailed in the terms and conditions of the Framework Agreement, and are responsible for the provision of payroll services for all workers engaged via both non-agency supply routes and agency supply routes. They are also responsible for validating the accuracy of the information supplied by all workers, and all security vetting and compliance checks for each worker prior to placement. These mandatory security vetting and compliance checks, based on the requirements clearly laid out by HMRC in relation to 'compliance with tax legislation' contractual clauses, are a compulsory prerequisite for any worker to be allowed to be engaged to work for HMRC via the PSR rules.

AMS as service provider was responsible for the provision of all payroll services. This therefore includes the workers mentioned above (and others who now face the Loan Charge, from periods contracting via the PSR). Something therefore went badly wrong in terms of compliance checks. Yet neither AMS nor any of the 300 specialist recruitment agencies involved in Public Sector Resourcing have faced any action. There appears to have been no investigation into how this happened. It seems the Government (and HMRC) would rather not look into this, but instead to put all the blame on those who followed advice and recommendations from what they took to be AMS (and Government) approved suppliers.

HMRC are clear on this responsibility. In this [letter from the then First Permanent Secretary and Chief Executive of HMRC, Jim Harra to the Loan Charge and Taxpayer Fairness APPG](#) he includes the following [key section highlighted in bold]:

Contingent Workers

HMRC contracts with an agency that supplies individual contingent workers needed to fill specific roles in the Department on a temporary basis. While the contingent workers are engaged by the agency, their work is directed by the Department. **Our contractual relationship**

with the agency includes conditions regarding workers' tax compliance. HMRC conducts tax checks on both the agency (as it does with all of its suppliers and in line with Government Procurement regulations) and the individual contingent workers.

In other [Freedom of Information responses](#) HMRC has stated that:

“the PSR [Public Service call off contract provides the terms and conditions specific to tax compliance which are applicable to the entire supply chain for contingent labour”.

They [also state](#) that HMRC reserve:

“the right to exclude a supplier where HMRC can demonstrate a breach of tax or social security obligations by the supplier, including in instances where no binding judicial or administrative decision has been made. HMRC may exclude that supplier from the procurement until the supplier settles the tax due, or terminate its contract”.

Yet, as has been disclosed via a further [Freedom of Information response](#) that HMRC have confirmed ***that not a single contract with a supplier or agency, nor the service provider themselves, has been terminated as a result of the clear and obvious breach of their contractual agreement.***

Why has no action been taken with regard to these embarrassing breaches?

As Sarah Olney MP, currently Vice Chair of the Loan Charge and Taxpayer Fairness All-Party Parliamentary Group, said, as quoted in The Observer:

“It is hugely embarrassing that contractors have been recruited via the public sector resourcing process who have used disguised remuneration arrangements while working for HMRC. HMRC says its suppliers must ensure the tax compliance of workers. So, what action have they taken in this situation? There should be an investigation into all of this.”

It is the Treasury [that has the responsibility](#) for overseeing all public expenditure, including responsibility for ‘public spending: including departmental spending, public sector pay and pension, annually managed expenditure (AME) and welfare policy, and capital investment’. This therefore includes all significant Government contracts, including the £15 billion Public - Sector Resourcing contract AMS has with Government – *and whether this is good value for (taxpayers’) money.*

It was of course the Treasury that introduced the deeply controversial Loan Charge, designed by HMRC to do nothing about those who recommended, promoted and operated the schemes and only to pursue the workers and company directors who used them in good faith. How very convenient for the Treasury, thus avoiding their own clear failures to oversee their approved suppliers and how convenient for HMRC, which failed to collect the tax at the time from these same agencies – and embarrassingly had workers using the very schemes whilst working for them.

A powerful [article in the Observer by Jon Ungood Thomas on 21st November 2021](#) exposed the extraordinary and clear conflict of interest of the then Financial Secretary to the Treasury, Lucy Fraser, whose husband was the CEO of AMS, despite her both being a Treasury Minister (with the Treasury being responsible for all Government spending and contracts) and being the Minister responsible for the Loan Charge.

As Sarah Olney MP said:

"It is extraordinary that the financial secretary to the Treasury was appointed to this role, when her husband is the boss of the company that holds a £15bn framework contract to supply temporary workers, including to the Treasury and to HMRC".

What is clear is that the Treasury and HMRC have consistently done all they can to ignore and distract attention from their own roles in the Loan Charge Scandal, by changing the law to give HMRC carte blanche to pursue the victims of mis-selling and deliberately ignoring the perpetrators of it.

HMRC failed to collect tax from agencies hence now pursuing individuals

One of the deeply controversial aspects about the Government's draconian Loan Charge legislation is that it imposes an unproven tax liability on individuals and does not seek a penny from promoters, umbrella companies or recruitment agencies in the supply chain. It was revealed, via a [Freedom of Information response](#), that HMRC have internally admitted - and also sought to cover up - the fact that they know that agencies would be liable in many cases, and not the individual contractors, as the reality of established tax law without the Loan Charge unquestionably demonstrates.

HMRC failed to collect tax from these agencies, under PAYE legislation, as they surely should have done. HMRC have also retrospectively removed the PAYE obligation on agencies in order to allow them to tax the contractor directly, but a court case heard since the Morse Review has confirmed that they cannot use this discretion retrospectively.

Therefore, many agencies should be liable for PAYE, rather than HMRC going after the individuals who were recruited through them, yet this is not happening and instead it is only individuals being pursued, despite HMRC's failures.

Recruitment Agencies denying their clear responsibility

Of course, the recruitment agencies involved all deny any responsibility for their role in people being recommended umbrella companies and payroll providers that put them into schemes now facing the Loan Charge.

In response to the Sky News piece, Hays issued a statement saying it:

"engages only with umbrella companies that appropriately meet legal and financial obligations... We conduct thorough due diligence... we recommend (contractors) also do their due diligence".

This statement evades the key issue, which is that they were recommending umbrella companies that put people into schemes that are now subject to the Loan Charge. Nor does it answer the key question, why did they do this in the first place? What made them recommend certain umbrella companies, companies that then put people into schemes – and then subsequently the nightmare of the Loan charge Scandal? Was there a financial incentive for them to do so?

Capita said:

"We have strict policies in place to ensure both Capita and our suppliers comply with relevant law, policies and procedures. Given this was over 12 years ago, we do not have the details to be able to comment on this particular matter."

The fact this was twelve years ago is of course irrelevant to the same key question: How and why did contract and freelance workers, who used umbrella companies directly recommended by Capita, end up in the nightmare of the Loan Charge Scandal? Why exactly were Capita recommending these particular umbrella companies? Was there any financial incentive for doing so?

Once again, it is a meaningless statement that doesn't address how workers that went through Capita and used Capita recommended umbrella companies have ended up with life-ruining tax bills, having believed that by using them they would be entirely compliant and have no threat of HMRC action.

In their statement, Petrofac said:

"Like any other company, we are not involved in, or responsible for, the administration of taxes for self-employed limited company contractors."

This of course is deliberate deflection and ignores the fundamental point – that someone recruited by Atlantic Resourcing and then worked for them ended up facing HMRC demands simply by having followed the advice of professionals and colleagues. Again, the fundamental issue has been dodged.

AMS told the Observer in 2021:

"AMS does not condone any tax avoidance schemes and contingent workers are required to comply with all applicable tax laws." The firm works with HMRC to conduct regular audits to ensure compliance with tax laws.

Yet as is clear from the previous section, they failed to "ensure compliance" (unless they are actually stating that they believe that the payroll loan schemes were compliant, which is certainly not HMRC's position). The statement also, of course, deflects the point onto workers, when what they were really being challenged about is how did workers that were recruited through the Public Sector Resourcing contract, that they were responsible for, going through approved providers, end up using schemes now subject to the Loan Charge.

Sky News also contacted the Department for Business and Trade, which is the successor Government department to BIS, that Peter, featured in the Sky News report, worked for. It responded to Sky News saying that it was unable to comment on the previous department's arrangements with Capita.

In other words, a complete cop-out, evading any responsibility for a contract workers suicide attempt, having followed the advice of one of its approved providers. Also ignoring the fact that it was the UK Government that introduced the Loan Charge to pursue victims of clear mis-selling like Peter (and brushing under the carpet the uncomfortable reality that many contract workers worked for the UK Government using arrangements that have since been hit with the Loan Charge – whilst doing nothing to pursue the "perpetrators of mis-selling" to use Rachel Reeves own phrase).

Further Case studies of recruitment agency involvement

LCAG issued a call for evidence from people caught up in the Loan Charge Scandal, asking for examples of where recruitment agencies had been directly involved in recommending umbrella companies that put them into schemes now subject to the Loan Charge.

There was a very significant response to this. Some of the case studies were given to Sky News for their damning report aired in March 2025.

There are many other cases, involving a wide range of sectors and roles and numerous recruitment agencies but a selection of case studies has been written up here for this report.

It is notable that whilst some recruitment agencies involved no longer operate, that most mentioned still do (and some of the named consultants still work in the recruitment sector, albeit that some now work for different companies).

Case Study A – Capita – worker in BIS (Government Department)

Individual/Role

A Project Manager professional who worked in the Public Sector with HM Department of Business, Innovation and Skills for two years.

Recruitment agency role in recommending schemes now subject to the Loan Charge

Capita advised using an umbrella company, with a very short window between contract notification on a Friday afternoon and an early morning start on site the following Monday. The freelancer was told directly to work this way or else accept a lesser rate through PAYE. They felt that they were being pushed into agreeing to this and that the inference was that taking any more time to decide risked losing the role altogether.

The initial contract was 3 months duration, extended many times over 2 years. The individual was given a list of umbrella companies to choose from, assuming them all to be compliant. **EVEI was one of several umbrella companies on Capita's list, but they said it was the best because of quicker and smoother on-boarding.**

The timing of the contract offer also coincided with a family bereavement, so the individual wanted to proceed and not risk losing the role – and accepted the recommendation given by Capita. As the offer was made by phone, the freelancer was given no written copy of the umbrella company list.

EVEI then put them into a remuneration scheme operated by Aston Mae / Procorre.

Capita repeated their insistence upon umbrella company use with each contract extension.

Financial and Human Impact

The individual is now facing the Loan Charge and open enquiries. This has created huge uncertainty and stress, which has coincided with dealing with grief.

Case Study B – Government/public sector approved recruitment agency – contractor for HMRC

Individual/Role

A UK Senior Business Analyst who worked on several contracts for HMRC for four years.

Recruitment agency role in recommending schemes now subject to the Loan Charge

The worker was advised to use an umbrella company by the recruitment agency. The individual was originally placed via Opus Bestpay Ltd umbrella company, but after several months the recruitment consultant informed them that Opus was no longer acceptable to HMRC and so they were recommending Umbrella Contracts Ltd.

The contractor assumed that the advice they were being given was reliable and also naturally assumed that a Government framework approved recruitment agency would only recommend an HMRC-approved umbrella company, as they were recruiting contractors to work with HMRC.

The freelancer continued to work with HMRC over several years, all the time, believing that by following the advice given (and working for HMRC) that they were fully compliant. Instead HMRC told them that they had been using a tax avoidance scheme (ironic because they were working for HMRC themselves) and faced the Loan Charge.

Financial and Human Impact

Facing the Loan Charge and open enquiries. Last notification was that HMRC were calculating unpaid tax.

Registered disabled, in poor physical health, with bad sleep exacerbated by worries over possibly having to sell house to pay debt. Additional stress of family bereavement over same period.

Case Study C – Global Career Link – Australian freelancer

Individual/Role

An Australian freelancer who worked in the UK on several contracts for three years.

Recruitment agency role in recommending schemes now subject to the Loan Charge

This skilled Australian citizen went through an international recruitment agency, Global Career Link. Global then arranged interviews, helped set up a UK bank account, get a UK mobile phone and an Oyster Card.

Global recommended that the contractor use Dynamic Management Solutions Limited umbrella company as the best and most compliant way to work in the UK. They specifically advised against using a Limited Company. They assumed that, as a large international recruitment agency that they would organise their working in the UK and recommend the best legitimate, UK law compliant way of working.

As part of this, Global Career Link provided a document called 'Guide to Tax Minimisation while Contracting In the UK', in which the solution of "salary packaging" was presented as the only realistic and viable option for non-UK contractors, due to recent IR35 changes. It says, ***"Global's position on the use of limited companies to reduce tax is: We strongly advise against the use of limited or composite companies and urge you to consider salary packaging as the alternative to contract in the UK."***

The document further included reassurances that ***"We have spent considerable time and effort reviewing numerous contracting companies in London..."*** and that the Dynamic Management Solutions Limited umbrella company provides ***"A tax efficient and legal tax structure to operate through."***

The same document includes the contact address for a Director that was also a director of Cascade, notable for its loan scheme operation. The freelancer at the time had no idea what Cascade was and has only noticed this having been hit with the Loan Charge and then looking into the issue.

They were horrified when they found that they faced huge tax demands, having relied on the recommendations of a huge international recruitment agency and their recommended umbrella company.

Financial and Human Impact

The freelancer was left facing the Loan Charge and has pre-December 2010 open enquiries, and has been hit with Accelerated Payment Notices (APNs).

They describe having been made to feel like a criminal and to have extreme, life-changing financial uncertainty hanging over them for years.

Case Study D - Hill Newton Recruitment Ltd and Reed Specialist Recruitment – Lloyds Bank

Freelancer and Industry

An IT consultant who worked in two contract roles for Lloyds Banking Group for four years.

Recruitment agency role in recommending schemes now subject to the Loan Charge

The freelancer applied through Hill Newton Recruitment Ltd and was interviewed at Lloyds, then offered the contract.

Rather than setting up a limited company, Hill Newton Recruitment Ltd recommended the freelancer speak with a representative of MDM Partners LLP. Following a phone call, the contact at Hill Newton Recruitment emailed to said ***"Further to our earlier conversation, I have CC'ed [the contact at MDM Partners] who are currently assisting about 75% of our contractors with tax planning. I understand from my contractors that they are taking home in the region of 87% of their pay which is greater than using a Ltd company scheme."***

The contact at MDM partners recommended AML as the best solution for the contractor to use. At the time, the consultant didn't know of any link but now believes that there was a percentage payment made for each contractor, as well as a 'finder's fee' for the recruiter.

Following the first contract period, several months later, Lloyds Banking Group wanted the freelancer to come back for another role. This time they applied for the role via Reed Specialist Recruitment. At this time AML were no longer on the Preferred Supplier list, so it was suggested that the freelancer go through their Smart Pay affiliate company. Smart Pay repeated the earlier reassurances that it was all perfectly tax law compliant. The freelancer advised Reed Specialist Recruitment of their use of Smart Pay, since AML were not on the list of approved companies as before.

Financial and Human Impact

Facing the Loan Charge and open enquiries. HMRC calculations for potential tax owed keep escalating, where for each year, they seem to calculate the year differently, without explaining why – only variations on a *‘we are right; you are wrong’* kind of response. This led to an overall tax estimate of 65% over the original loans value, with add-on penalties and interest. Which spiralled into an unaffordable liability, as the calculated amounts continued to change.

The freelancer paid an APN, but this was a small fraction of the total loan value, as it was calculated for a single year, which was later increased by more than double, without any explanation. As settlement was completely beyond their means, they declared all loans as part of the Loan Charge on their Self Assessment returns. This led to an (indefinite) Time to Pay arrangement.

However, the individual was later contacted by HMRC about pre-December 2010 scheme use and is waiting to hear about this. They say that it feels like the rules are constantly being changed and clearing the total debt seems unattainable when the amounts change.

Huge emotional impact and uncertainty – multiple HMRC letters with accusations of deliberate tax avoidance, wrong calculations, saying different things, yet HMRC taking months to respond to challenges. Worries about HMRC changing the rules again, anticipating knocks on the door and losing the house. Keeping worries from the children, but strain on marital relations. With HMRC there are no apologies for errors, no admittance of irregularity, nor follow-up on the money paid to date, so further calculations could quite likely also be wrong.

Case E – Nakama Recruitment – New Zealand marketing professional

Freelancer and Industry

A New Zealand-resident marketing professional who worked in the UK on several contracts within the Media industry for two years.

Recruitment agency role in recommending schemes now subject to the Loan Charge

The individual went through major international recruitment agency, Nakama Recruitment. The Nakama recruiter explained that with uncertainty of overall contract length, a simple umbrella company arrangement was easiest and cheapest to use, rather than complexity and cost of operating as a limited company.

The freelancer was initially placed with Parasol umbrella company, but they then looked into several recommended alternatives from a list of three that was provided to her by the agency recruiter. Target Umbrella was one of them, and the freelancer chose Target. The Initial contract was one month duration, with a view to rolling contract month by month.

The freelancer was put in contact with a representative from Target Umbrella who responded to the recommendation from Nakama's recruiter by saying via email that the recruiter is "one of the nicest people I've ever met."

He went on to stress that working through them was much easier with less 'admin' than working through a limited company, whilst still giving employment rights. He said **"These are contracts between ourselves and you etc. and give you rights while you are with us. It's certainly a lot less admin than a LTD company, which is why a lot of people use our services."**

It was made clear that Target would pay the freelancer's tax and national insurance out of its profit margin, as deducted from Target's 20% of overall contract income. "In terms of margin ours will always be deducted so for example say I confirm you get 80% of your income then our margin as well as tax, NI, employers NI, cost for insurance etc will all come from the 20% difference" and also "We manage your tax and NI so you wouldn't need to worry about that and we will send you a payslip on a weekly basis which covers your salary amount for the period worked".

The freelancer thus believed that Target Umbrella were paying all their UK tax due. There was no mention of loans, nor any hint of tax avoidance or unpaid tax risk. As a further nudge, Target Umbrella's representative suggested that the alternative of operating through a limited company and taking dividends might be risky in view of IR35 legislation in force.

Financial and Human Impact

Huge shock at receiving demands for a life-changing sum of money. Bitter regret as a foreign national at being scammed/mis-sold by UK unregulated recruitment agency and umbrella company rep recommendations and assurances of tax compliant working arrangements.

HMRC demands have been inaccurate and also have increased. Still awaiting a response with accurate figures 18 months+ later.

Case F – Thebes Group/IT Solutions – IT consultant in the banking sector

Individual/Role

A London-based IT professional who worked on contracts within the banking industry as an Operations Analyst/Team Leader for three years.

Recruitment agency role in recommending schemes now subject to the Loan Charge

Thebes IT Solutions outsourcing recruitment agency cold-called this person whilst in full-time employment. As a new freelancer, they had no idea of the best way to operate. Thebes gave them a list of umbrella companies that included Dark Blue Solutions Ltd, White Collar Ltd, RACS Group, Parasol Ltd, and Halcyon Management & Consulting Ltd. They decided to use Dark Blue Solutions Ltd umbrella company.

Dark Blue advised of two remuneration options – either straight PAYE or a payroll loan scheme. The latter was recommended as a totally legal and above-board structure that would reduce admin and the tax bill. Many such further assurances were given during the course of the contracts and working through Dark Blue.

Financial and Human Impact

Anxiety over my choice and many sleepless nights. Had to sell a rental property. Would otherwise now be mortgage-free. We have had to delay our retirement.

Case Study G – Atlantic Resourcing - Petrofac

Individual/Role

A now retired piping supervisor who supervised tradesmen for Petrofac, international oil & gas service operator.

Recruitment agency role the person facing the Loan Charge

The individual sent his CV to the agency Atlantic Resourcing and they replied with the job offer from Petrofac which was long-term work so he accepted it.

When they emailed the contract, they said how much the salary was and that payments would be made by an umbrella company based in Lancaster.

They then introduced him to AML based on the Isle of Man which they explained would be his employer. He got emails from AML which explained how their payments worked and that everything was legal and accepted by HMRC. Consequently, he signed the and returned the contracts of employment. He has retained copies of all the contracts and emails from both the companies and an HMRC document which said AML would be paying him using wording as a Trust.

At the time he says did not fully understand how this method of payment operated and that it was not fully explained to him. This happened while working in a very demanding job and that he assumed was legitimate so accepted it in the same way as everyone else on the job. Working for an established organisation Petrofac with Atlantic Resourcing being the specialist recruitment agency for Petrofac gave him the confidence that use of the scheme was the accepted way.

Financial and Human Impact

The individual is now facing the Loan Charge and open inquiries.

All this has caused him significant emotional and Personal Impact. The individual has had to deal with this on top of additional stress from the loss of his father during the same period.

Despite being well beyond state pension age, he is having to work to be able to pay bills.

He has also developed lymphoma cancer and believes this was caused by the stress and pressure he was put under by HMRC. Even when he was in hospital, HMRC kept the letters going demanding payment. He says that to this day, HMRC have not said why he is deemed guilty while the promoters of the scheme (who he understood was his employer) made a lot of money and have not been made to face HMRC and been allowed to be free from any blame.

The evidence of these case studies (and others sent to LCAG) is clear and damning. Recruitment agencies were routinely recommended umbrella companies that were advising the use of disguised remuneration schemes. In some cases, the recruiters actually mentioned (and recommended) the remuneration schemes themselves.

These particular case studies were chosen because the individual has retained evidence that shows the role of the recruitment company. Many others were similarly recommended, but they may no longer have the emails, due to the retrospective nature of the Loan Charge and subsequent HMRC action, which involves going back fifteen years in the case of the Loan Charge and longer than that, for pre-2010 enquiries. This is a clear example of the manifestly unfair retrospective nature of the Loan Charge, which flouts the legal requirement for people to keep records for seven years. HMRC is pursuing people that they know do not have the records to challenge their assumptions and demands, which is an affront to natural justice.

The reasons people used the arrangements now subject to the Loan Charge

It is vitally important to look at why people actually used these schemes, which overwhelmingly is because they were advised to do so by professionals – including recruiters, umbrella companies, accountants, accredited tax advisers and sometimes end clients/managers.

People were told that they should do so to avoid the risk of working through a limited company and facing action by HMRC, which is clearly galling when what they recommended (and in many cases pushed people into using) has led to financial ruin and personal devastation.

All of those who recommended the schemes were profiting – recruiters, umbrella companies, accountants and tax advisers on commissions and kickbacks (percentage of sign-ups) as well as the promoters who made hundreds of millions from fees (whilst telling people that all tax and NI due was being paid).

Yet they have not been asked to pay a penny of the tax HMRC claims is due, from schemes they all not only recommended and sold, but profited hugely from. This is at the heart of the Loan Charge Scandal.

HMRC's dishonest propaganda deliberately vilifies victims of mis-selling

This is clear proof that HMRC has consistently and deliberately misrepresented the motives of those caught up in the Loan Charge, to cover up its own failures at the time. This is cynical, as well as being a factor – as detailed in suicide notes – in the devastating impact that this unfair demonisation has had.

As has been well documented elsewhere, including Loan Charge APPG surveys and the APPG's Loan Charge Inquiry, contractors and freelance workers used schemes because they were told that this was the most appropriate, least risky way of working and in some cases, people were given no option. In the case of small company directors, schemes were recommended so that the company could make investment in the firm, not as a means for the directors to personally profit.

Instead HMRC has consistently given the false impression that people used these schemes because they set out avoid tax, knowingly and willingly. HMRC deliberately and cynically ignores the key role played by accountants and recruitment agencies, trusted firms and professionals that people felt they could and should rely on. Instead in HMRC's pantomime version, individuals are seeking out promoters as a way to avoid paying tax. This is a deliberate and dishonest picture that demonises the tens of

thousands of people and has had a devastating impact. Marriages and families have been torn apart because of this deliberate and cynical demonisation. The whole 'too good to be true' line is at the heart of HMRC's cynical propaganda, because the vast majority of people did not enter into the arrangement seeking to avoid tax. Individuals were told by professionals and promoters that all tax due was being paid and relied on that advice, given in writing.

A fundamental point is that as soon as taxpayers were informed by HMRC that this scheme might not work, they stopped its use immediately. This therefore shows that they did not warn users or that they were actually not always clear that the scheme did not work and only started to claim that once they had convinced ministers to introduce the retrospective Loan Charge. All those who used schemes, trusting the advice of professionals, would have stopped using them immediately if HMRC had told them so directly. They are therefore horrified to be vilified as if they had been deliberately doing something illegitimate to avoid any tax that may have been due.

The mental health impact of HMRC's deliberate decision to demonise victims of mis-selling is huge and something that has been a cost to the NHS and social services, as well as a cost to the economy from those who have been unable to continue to work due to the stress and depression caused by it. This demonisation has been cited by some of those who took their own lives and by those who attempted suicide. It has been suggested that it should be considered whether there are grounds to pursue HMRC for corporate manslaughter.

This aspect of the Loan Charge Scandal - HMRC's deliberate, planned and cynical demonisation of victims of mis-selling - clearly should be part of any genuine review/inquiry into the Loan Charge Scandal. The current review into settlement terms, being conducted by someone who actually worked for HMRC in a senior role, will not do so.

Treasury Ministers acknowledge the mis-selling yet have ruled out taking action against the perpetrators – the current review excludes this!

At the heart of the Loan Charge Scandal is the fact that the whole approach taken by HMRC and successive Governments has been to ruthlessly pursue the victims of mis-selling, whilst doing nothing about the perpetrators of mis-selling, not only promoters, but as this report shows, recruitment agencies and recruitment consultants. People were not only told to use schemes or certain umbrella companies (that put them into schemes), but were assured by professionals they were referred to, including by recruitment consultants, that they were entirely legitimate, compliant and risk free and indeed the best, most appropriate way of operating.

Despite this, the current Labour Government has alas refused to change the existing position that only those who took this advice should be pursued and ruined and that no action should be taken to pursue all those who recommended, promoted and operated the schemes. This therefore means that the role of recruitment agencies and recruitment consultants is yet again being deliberately ignored, as well as the role of promoters and other parties involved.

The current review, dishonestly labelled by the Treasury as an 'Independent Loan Charge Review' is nothing of the sort, neither being a review of the Loan Charge nor independent. It is merely an arms-length review of settlement terms by a former HMRC Assistant Director (who was involved in this area

of Counter-Avoidance) and assumes that the Loan Charge is justified (so the Loan Charge itself is not even up for review!).

This is despite current Treasury Ministers, including both the Chancellor Rachel Reeves and the Exchequer Secretary to the Treasury, James Murray (the Minister with direct responsibility for the Loan Charge) acknowledging the mis-selling and criticising the previous Government's approach in not pursuing the perpetrators and only going after the victims.

The Chancellor Rachel Reeves said in January 2024 in an interview on LBC Radio:

"HMRC seem to be coming after the people who were mis-sold these products rather than the people who were mis-selling them, and that is a real scandal....who are the real culprits here. It's the people who mis-sold products, and people like Doug are the innocent victims in this sort of war of attrition with HMRC now".¹

Exchequer Secretary James Murray has similarly said:

"The [previous] Government should be going after the promoters who were driving people towards these schemes. There is a strong feeling that the promoters are getting away with it while people in everyday jobs are victims of mis-selling".²

The Chief Secretary to the Treasury Darren Jones MP last year also stated:

"It can't be right that HMRC are pursuing victims of mis-selling so aggressively but not those who misled victims."³

Yet the same Ministers then announce a review that rules out pursuing the perpetrators of mis-selling, that they previously so strongly criticised. It is little wonder people have such little faith in many politicians.

In August 2024 James Murray met with a group of people facing the Loan Charge, two of whom have tried to take their own lives as a direct result of the Loan Charge and HMRC and the Treasury's approach to the matter. He claimed to be moved by this meeting. Yet then seven months later, rather than commissioning the "truly independent" review he called for in the [Backbench Debate in the House of Commons in January 2024](#), he instead commissioned a highly restricted assessment merely into settlement terms, continuing the position that individuals are solely liable and ruling out pursuing the perpetrators of mis-selling. We would be interested to know if Mr Murray has the courage to meet the same group of people again, to hear what they think of this decision.

¹ LBC Radio, interview with Iain Dale, 29th January 2024.

² Yorkshire Post, interview with Greg Wright, 8th December 2021.

³ Twitter/X, 18th January 2024.

The need for a proper inquiry into the Loan Charge Scandal and all the mis-selling

A genuine full inquiry would of course look at the role of recruiters, umbrella companies, promoters and end clients (which in many cases actively pushed for people to work as contractors/freelancers, to avoid employers' taxation as well as employee rights and benefits).

A full inquiry could determine who was at fault, whether those who were clearly victims of mis-selling should be liable or whether retrospective action can and should be taken against the perpetrators of mis-selling (which is last year what Rachel Reeves and James Murray said they wanted to see) rather than trying to claw back the disputed tax all (and more) from the "victims of mis-selling" to use their words.

It would look at whether the Loan Charge was *ever* justified when looking at this reality (as opposed to HMRC propaganda), whereas the review Terms of Reference actually *justifies* the Loan Charge, reaffirms that individuals should pay what HMRC says is due (even though this has not actually been legally proven, with HMRC of course admitting that they introduced the Loan Charge to avoid the bother of having to go to court).

Former Assistant Director of HMRC Ray McCann, who is undertaking the current review of settlement terms can and hopefully will look at these things *as part of considering the fairness of individual settlements*, but that is very different from actually properly examining the role of these parties and assessing their own culpability and what action should be taken to address this and ultimately who was actually at fault, who profited, who failed to do their duty and who therefore should be liable for what.

There is still clearly the need for a proper inquiry, to look at all aspects and to hold recruitment agencies - including the agents/directors responsible – to account for taking commissions by recommending umbrella companies/payroll loan schemes that have ruined people's lives.

Conclusion

The role of recruitment agencies in the Loan Charge Scandal, including some leading 'blue chip' names in the recruitment sector, is now in the public domain, including through the devastating report by Sky News in 2025, a report for which those affected by the Loan Charge are extremely grateful.

Individuals took, believed and followed advice from the professionals on which they relied, to gain work in the first place and to operate as a contractor or freelancer. This included the advice of recruitment agencies, including high street names and huge global recruitment firms. This is advice on which they should have been able to rely on, yet instead it is advice that has caused them to face life-ruining demands from HMRC. In some cases, contractors from abroad, who had no idea about working rules in the UK and relied on the recruitment agency, were pointed towards approved umbrella companies and told that they should work through schemes that are now subject to the Loan Charge.

Once again, it is down to the victims – and investigative journalists and supportive Parliamentarians – to expose this.

When challenged, these recruiters have issued diversionary statements simply saying that they have followed the rules/only engaged with reputable providers (and ignored the fact that their own employees/agents actively recommended schemes and with financial links or incentives to do so, either for the company or the individual agent or in some cases both). They should be challenged about commissions and incentives, the nature and scale of these payments and relationships and properly held to account.

It is also shocking that many public sector workers – recruited through approved public sector recruitment agencies, including through the Government Public Resourcing Service, were recommended to use schemes now subject to the Loan Charge. ***This in itself needs to be the subject of a proper, investigation, by someone with no history of working for (or links with) HMRC or Government.***

At the heart of the Loan Charge Scandal is the fact that HMRC and successive Governments decided to ruthlessly pursue those who were victims of serious mis-selling and not the parties and professionals who profited hugely from encouraging victims to use them.

It is manifestly unjust that those who recommended these schemes have faced no action at all, no sanction, no penalty (never mind being asked to pay towards the tax HMRC claims was avoided) whilst those who followed their advice and recommendations (and that of umbrella companies and other professionals) face ruin.

Considering that current Treasury Ministers have explicitly stated, when in Opposition, that the Government should pursue those responsible for the mis-selling, not the victims of mis-selling, it is bitterly disappointing that they broke their promise to commission a truly independent review of the Loan Charge and the Loan Charge scandal and instead appointed an HMRC Assistant Director to simply review the settlement terms faced by the victims of mis-selling, without the possibility of taking any action against the perpetrators.

A proper inquiry into the Loan Charge scandal – that this Government cynically refused to commission – would look into exactly that and fully expose the role played by recruiters in pushing people into using umbrella companies and payroll schemes that have ruined their lives and caused people to kill themselves or try to do so.

It is time that the Government stopped ignoring this and commissioned a genuine inquiry into the Loan Charge scandal, that fully explores the roles played by recruitment agencies, as well as all promoters, umbrella companies, accountants, tax advisers and client companies all of whom profited from the operation of these schemes yet face no action for their involvement and are not being asked to pay a penny of the disputed tax.

It is outrageous that there has been no investigation into this situation and instead, all these workers who followed the advice of approved suppliers – that they had every right to presume were only suggesting compliant and legitimate arrangements – are being ruthlessly pursued, ruined and driven to suicide.

The timing of this report is apt, with the McCann Review into settlement terms currently in process. The significant role of recruiters in marketing schemes now termed as ‘disguised remuneration’ casts

a huge shadow over the premise that individuals alone should be held culpable for the failings leading to the Loan Charge and is something the current review must fully take into account.

Regardless of the recommendations to potentially adjust settlements that former HMRC Assistant Director Ray McCann may make (and regardless of the Government's response), the need for a proper and (to use James Murray's own words) "truly independent" inquiry into the Loan Charge Scandal, including the role played by recruitment agencies, is clear and compelling.

Loan Charge Action Group
October 2025