Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

21st November 2025

Dear Chancellor,

**Reality of the age and ability to pay of people facing the Loan Charge – new survey**

We are writing to you in advance of the publication of the Treasury commissioned and restricted McCann Review into Loan Charge settlement terms and the Government's response to this, expected on Budget Day, next Wednesday, 26th November. We have just concluded a survey of people facing the Loan Charge, to discern the ages of people in this position, something which has a fundamental impact on their ability to pay, now and ongoing.

As you know from our previous correspondence and that of the Loan Charge and Taxpayer Fairness APPG, we remain deeply concerned that this highly restricted review will make it impossible for former HMRC Assistant Director Ray McCann to make changes to Loan Charge demands that will actually resolve cases. Once again, this very limited review (that doesn't even review the deeply controversial Loan Charge legislation, nor HMRC's failures and conduct) is not the "genuinely independent review" Labour promised in opposition.

**Our survey results, presented below, show that a very large proportion of those facing the Loan Charge (and within scope of the limited McCann Review) are retired and within a few years of retirement. This means that in the majority of cases, people will simply not be able to pay the demands HMRC is making of them, even if these are reduced by the review.**

One of the fundamental problems – and the reasons for the ongoing failure of HMRC's and the Government's approach - is that people affected do not have anything like the kind of money HMRC is demanding of them, for schemes they were never warned by HMRC not to use, from years ago. Mr McCann himself has acknowledged that many people simply don't have the money now, with the scheme use being years ago (hence the huge controversy over the retrospective/retroactive nature of the Loan Charge legislation). The reality of course is also that people never had the money HMRC is claiming from them, because of the large proportion of fees paid to promoters and others, which people were routinely told included all tax and National Insurance due.

The results of the survey demonstrate a key issue with recommendations that do not take into account people's stage of life and earnings – as failing to do so, means not recognising that many people affected simply cannot pay even reduced demands.

We surveyed and had responses from over 1000 people. The age profile of respondents who are facing the Loan Charge is as follows:

| Age range | Percentage |
|---|---|
| Under 40 | 1% |
| 40 to 49 | 17% |
| 50 to 54 | 19% |
| 55 to 59 | 22% |
| 60 to 64 | 18% |
| 65 to 69 | 14% |
| 70 to 74 | 7% |
| 75 to 79 | < 3% |
| 80 and above | < 1% |

**This shows that a very significant proportion of those affected are either close to retirement or already retired.**

- **Nearly a quarter (24%) are 65 or over.**
- **Over 40% (41%) are aged 60 or over.**
- **Nearly two-thirds (63%) are 55 or over.**

For those who have retired, income is fixed and people are reliant on pensions, therefore the ability to pay the demands is limited and in many cases, actually impossible even over an extended period.

Even for those in their late fifties and early sixties, people's careers are likely to be limited and therefore any period of repayment has to take this into account.  For those within five to ten years of retirement, there is only a short window in which they may be earning at or near their peak (and that is not taking into account that many contractors have actually seen incomes fall and opportunities reduce due to the deeply damaging and ill-considered (and failing) IR35 off-payroll rules. Others, especially small company directors, have faced real hardship due to their unfair exclusion from Covid support, something that many have not recovered from. Even those on good incomes will their incomes drop sharply on retirement and any payment arrangements based on their current earning levels will become unaffordable at that point. Expecting this group to maintain high payment levels into retirement is not realistic, nor fair. Few people in this pre-retirement group have the option to increase earning capacity to pay off the historic Loan Charge demands.

For all groups, enforcing payment demands over even a ten or fifteen year period is life-ruining for the majority of people affected, when in your own words people are victims of mis-selling. These demands relate to nearly ten or more years ago from when HMRC failed to act, failed to warn people, failed to collect PAYE from agencies/employers and failed to shut down schemes.

HMRC’s published approach is that people should be asked to pay up to 50% of disposable income towards a tax debt even though we are aware of thousands of cases where HMRC has ignored this and have sought settlements taking up most or all of disposable income, something that a genuine review would have looked into.

The Government (and potentially Mr McCann) may recommend and involvement very long Time to Pay (TTP) arrangements, but in reality these are largely illusory. With late payment interest currently around 8%, even paying at approximately 10% of the outstanding balance per year will have limited impact on the sum HMRC is demanding. Most of the payment will be absorbed by interest, leaving taxpayers trapped in unsustainable, open-ended arrangements with no realistic prospect of ever clearing the debt.

The stark reality is that unless the McCann Review recommends very significantly lower payment levels, without interest, many people will simply not be able to pay and this will push hundreds, if not thousands of people, into bankruptcy, every case of which has a cost to the taxpayer. Although bankruptcy is effectively not a route to resolution for Loan Charge debts, this does not increase the ultimate ability of HMRC to collect the sums anyway. It instead risks pushing HMRC towards increasingly aggressive enforcement tactics against people who have little or no long-term capacity to pay. The whole experience of HMRC’s unyielding and unfair approach to all caught up in the Loan Charge nightmare shows that this is exactly what HMRC will do and that makes further Loan Charge suicides highly likely, if not inevitable, considering HMRC is well aware (and still aggressively pursuing) several people it knows have tried to commit suicide, in some cases more than once.

For transparency, we have attached a summary of the survey responses and a document of all the anonymised comments people have made. They are well worth reading. Links for the survey summary and comments may also be used to access these.

We remain deeply disappointed and disillusioned that you and this Labour Government broke your promise to commission a genuinely independent review of the Loan Charge. It seems clear that due to the restrictions place upon it and the reality that people simply do not have and cannot repay anything like the sums being demanded, even with significant reductions, that the Loan Charge Scandal will go on – and your and your Treasury colleagues will then be directly responsible for it, having previously been so critical of the Conservative Government, when you were in opposition. Any further suicides will be directly down to the shameful decision to commission a partial and deeply restricted review only of settlement terms, not a genuinely independent inquiry of the whole scandal. We urge you to take a different approach and that includes that you should have done in the first place, which is to announce a full, genuinely independent inquiry into the whole Loan Charge Scandal, including the unfairness and failure of legislation, the failures and misconduct of HMRC and the industrial level mis-selling that you yourself acknowledged in opposition. Continuing to ignore all of this will not lead to either a just resolution or scrutiny of this shameful chapter in the history of HMRC and the Treasury.

We also again raise with you the fact that Ray McCann himself exposed the fact that HMRC did deals with large corporates for around 15% of HMRC’s demands. He has made clear publicly that the way HMRC has treated contractors in comparison is uniquely discriminatory. The reality, as our survey reaffirms, is that people facing the Loan Charge cannot afford to pay anything like the sums being demanded. This is in stark contrast with large corporations, that clearly could have afforded the tax being (and cannot be said to be victims of mis-selling, which is what you and colleagues have called those caught up in the Loan Charge nightmare). Unless all those affected (including those who settled under duress) are offered at least the same terms as the large corporations were, then not only will your approach continue to be manifestly discriminatory and unfair, but it will not resolve cases and will lead to hardship, breakdowns and an ongoing mental health crisis.

Yours sincerely,

Steve Packham
Spokesman & Executive Director

Andrew Earnshaw
Executive Director

*On behalf of the Loan Charge Action Group*