



The Lord Morse KCB
House of Lords
London
SW1A 0PW

6th July 2022

Dear Lord Morse,

Your refusal to respond to our letters and your unacceptable comment to Grahame Morris MP

We are writing to you because not only have you ignored two previous letters that we have sent to you, but also as we have been shown your response to the letter to Grahame Morris MP, a member of the Loan Charge and Taxpayer Fairness APPG, who had written to you asking if you were going to reply to these letters from LCAG.

In your short response to him you stated *“I completed my report some two years ago and the Loan Charge Action Group showed no interest in meeting me at the time”* and said you are not prepared to enter into correspondence on the Loan Charge,

We are frankly stunned by this statement. It is not only false — and unless you have been lied to by someone else — not only deceitful but also wholly unfair, and of no relevance to the substance of the recent letters we sent you. These letters were not asking you to meet with us; instead our initial letter to you on [21 October 2021](#) was intended to bring to your attention some considerable new body of evidence, some or possibly all of which we believe was not shared with you when drawing up your report, that render your conclusions flawed. As we did not hear back from you we wrote again on [4 February 2022](#). However despite you now being a Parliamentarian and accountable in that role, once again we had no reply.

Your comment that we showed no interest is false, because, as you know, members of LCAG met twice with you when you were preparing your report, on 18 September 2019 and again on 2 October 2019 following your request to speak to more people affected. We made clear at that second meeting that we would be happy to meet again. You declined to take up that offer.

In addition, your comment that LCAG declined a meeting at any time is also deceitful, unless somehow you have been given false information by review team staff. If this is not the case however, then you are choosing to deliberately give the entirely false impression that somehow LCAG are at fault for not seeking a meeting with you once you had published your report. Had you requested a meeting with us, and had any such meeting been on offer, we would most certainly have attended. However, in reality there would have been no point meeting with you at that stage as you had come to your conclusions and published your recommendations.

As you know full well from our two letters, the purpose of writing to you was to send you **all the evidence that has emerged since the publication of your report**. To tell an MP that somehow you don't need to consider this evidence, because LCAG didn't show an interest in

meeting with you when your original report was published, is snide and an unfitting thing for a (self-nominated) member of the House of Lords to say.

You actually said yourself, in correspondence, during the review, **"I will of course take into account any new evidence which emerges"** (Page 93 in [this FOI response](#)). Yet you are now refusing to look at a very considerable body of evidence, because it undermines the conclusions of your review.

Your refusal to consider this new evidence which clearly renders your conclusions invalid, leaves open the question as to whether you were aware of it (as we now know HMRC were). This is of vital importance and you have a public duty to respond.

So we will ask you again, on the record, was the information we have provided to you in our letter shared with you by HMRC, or not?

Furthermore, since we wrote our first letter on 21 October 2021, yet more evidence has emerged via FOI responses that further demonstrate that your review conclusions were flawed and that the whole review was not genuinely or credibly independent.

One especially troubling comment revealed since our first letter is this one in an email dated 9th September 2019 from Suzy Kantor, Deputy Director of Personal Tax in the Treasury (pages 26/27 in [this FOI response](#)). This reveals that there was a meeting with you, Ms Kantor and Carol Bristow of HMRC (then Director of the Individuals Policy Directorate) at which Ms Kantor states that **she was reassured by you that you would agree to stick to focusing on individuals facing the Loan Charge and not look at promoters (umbrella companies, recruiters, accountants who recommended schemes, etc.).**

Sorry we couldn't move him on this - he was clear that he wanted to have the sort of discretion that he has had in previous roles. I was relatively reassured - would be interested in Carol's views - that in reality, he'll stay focussed on individuals and not stray further.

Suzy Kantor

Deputy Director, Personal Tax, HM Treasury

This is deeply troubling, considering that promoters profited hugely from mis-selling the schemes now subject to the Loan Charge who are not affected by the Loan Charge nor the subject of any demands from HMRC, nor prosecutions, for promoting these schemes.

This admission from Ms Kantor therefore perhaps reveals why you didn't look at the Loan Charge scandal as a whole — because the Treasury and HMRC did not want you to so they could continue to justify going after individuals, who cannot defend themselves. It also very clearly shows the Treasury and HMRC seeking to direct and restrict your review, which simply cannot be regarded as independent or a full review of the whole issue (rather than the much narrow remit of deciding whether the Loan Charge was a reasonable way to treat those who had been advised to use these schemes, which ignores the role of others, professional advisers and promoters — and conveniently the role and failures of HMRC). This is yet more evidence that your review cannot be regarded as independent, following [the evidence revealed in the report by the APPG](#).

It is also a huge blow to all the victims of the Loan Charge (victims both of endemic mis-selling by promoters and professionals and of a retrospective policy) to discover that it appears that you agreed to focus just on the victims and not those who made money from mis-selling and operating these schemes that have left families lives in tatters. It may be what the Treasury and HMRC wanted, but it most certainly is not a proper review of the whole matter.

You will understand why tens of thousands of people feel deeply let down. Your review ignored the culpability of professional advisers, including chartered accountants and accredited tax advisers, who recommended these schemes (and were paid commission for doing so). Your review ignored the role of those companies and individuals who made huge sums promoting and operating these schemes and who told users that the arrangements were compliant, legitimate and approved. Your review ignored the clear failure of HMRC to stop schemes or warn people not to use them. Yet users of these arrangements have been hit with tax bills higher than they would have paid even had they been employed (when they were not) and hugely more than if they had operated a limited company, whilst advisers, promoters have got off scot free (and HMRC demand such life-ruining levels of tax despite their own clear failures). Is that fair?

You will no doubt ignore this letter, as you have ignored our two previous letters and the considerable amount of evidence that has emerged showing the grubby reality of HMRC's conduct in relation to the Loan Charge and the way they sought to direct and influence your "independent" review.

You will be aware that there have many notable injustices in the UK where the first and sometimes subsequent reviews or inquiries failed to come to the just verdict. Sometimes this has been due to state cover-ups, or sometimes because all the information that should have been provided to the review or enquiry was not provided.

Considering the evidence that is now in the public domain you can surely see that there is a need for a second review — and one that is genuinely independent of HMRC and the Treasury?

You might at the time not have realised the level of interference in your review, but you know it now. You might not at the time have been aware of the evidence that HMRC held, but thus far withheld from MPs and the public, but you know this now.

As a man of integrity — and a believer in justice — surely you won't just ignore this because it is convenient for you to do so or because you don't want to get back into the issue, knowing that, quite literally, lives are at stake? You seemed genuinely moved to meet Gayle, whose father is one of the known EIGHT loan charge suicide victims (as you know, you were informed of the seventh suicide during your review).

Why, therefore, in your flippant comment to Grahame Morris, are you being so indifferent to the families who alas, without a change of heart from the government, will suffer the same life ruining tragedy? These deaths are preventable, but only if those in positions of power and influence, call for that change.

You expressed sympathy for those families facing ruin – and to those families who had lost family members to suicide. Yet your recommendations did nothing at all for 40,000 families (going on HMRC's own figures) so that sympathy, for those facing the Loan Charge, for those forced to settle and for those facing pursuit for open years pre-2010, rings very hollow.

The Loan Charge should not remain in place at all, not least because it has singularly failed to do what it was supposed to do, which is to clamp down on schemes being operated and promoted. It is an utterly failed policy, as well as a disastrous and unfair one. In fact, promoters continue to act with impunity and workers continue to be mis-sold them, including lower paid workers (which means employers don't pay employment tax). In addition to the misery it has, and will continue to cause, it will not bring in anything like the sums that Treasury claim it will, because people simply cannot pay the sums being demanded.

In truth — and something you failed to state — is that removing the Loan Charge merely restores the legal position to that which it was at the time and allows people their basic right as a citizen to challenge HMRC's tax demands through the courts.

It is true that removing the Loan Charge alone doesn't resolve the situation for people or their families, where they face open enquiries. However one of the most fundamental failings in your report was not realising that by having the Loan Charge in place and not needing to take schemes to court, has made HMRC callously ruthless and greedy and has taken away the usual incentive to come up with reasonable, affordable settlement agreements (and without being forced to have to admit to deliberate fiddling of the tax system, when this is not true and which the evidence, including the evidence you heard, clearly shows).

All removing the Loan Charge would have done would be to restore the position in law to that which it was at the time, allowing HMRC to go through the proper process when challenging open enquiries. Had this been the case, there could have been sensible reasonable settlement opportunities offered. The fact that you have not recommended this, and also a fair and affordable settlement for those with open enquiries, leaves tens of thousands of families lives marred, with many facing relationship and mental breakdown and some individuals considering suicide if HMRC enforce the Loan Charge this year.

We do not expect you to reply to this letter, but ask that you please have the decency to look at the evidence that has been supplied by individuals to the Loan Charge and Taxpayer Fairness APPG. This evidence clearly shows the appalling situation for families unable to afford the sums demanded, and being harassed and bullied and subjected to the kind of suffering that should not be imposed by a tax authority, who is able to do so because the Loan Charge gives it the power to be judge, jury and alas, in some cases, executioner.

Please read the hundreds of forms. Read about what is the reality of the situation now, for families facing the Loan Charge. Contemplate if this is what you envisaged would be the situation now, nearly three years after your review and report. We urge you to have the courage to say that this issue should be looked at again, which is all we are asking.

Yours sincerely,



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

cc Grahame Morris MP, MP for Easington
Loan Charge and Taxpayer Fairness APPG