



Nigel Huddleston
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
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2nd May 2024

Dear Nigel,

Rebuttal to your deeply inadequate and misleading reply to our letter

We are responding to your reply of 18th March to our letter that we sent to you following the debate in the House of Commons on the Loan Charge.

We are deeply disappointed, though not at all surprised, that you have completely failed to properly or honestly address the points we made in our letter, about your comments in that debate.

We are now responding and setting out how your reply itself is not an accurate or honest account (as well as not being a genuine reply to our letter). Each section of your reply is here in blue, with LCAG's response and rebuttal below each one.

[I set out the Government's position in the debate in the House of Commons on 18 January and I stand by my comments.](#)

You have failed to address ANY of the many points in our letter, despite us clearly setting out that much of what you said was either not correct, misleading or in one case, completely false.

Simply ignoring what we have said doesn't counter it – and the fact that you have refused to engage with *any* of our points (and haven't even got the good grace to admit your clear error) speaks volumes about your approach, which is exactly the same as your predecessors. Ignore evidence, issue misleading and partial statements and pretend all is well, whilst knowing you are now responsible for a policy that is pushing people to kill themselves.

[I understand the strength of feeling around this issue. As I said during the debate, since my appointment in November last year, I have met multiple times with the HMRC officials with policy and operational responsibility for the Loan Charge. I have made absolutely clear my expectation that HMRC treat taxpayers sensitively, fairly and at all times in accordance with the HMRC Charter. I have received firm assurances on these points and I fully intend to hold HMRC to account in this regard.](#)

All you have done is met with HMRC and simply accepted what they have told you! What kind of a way is that to deal with an issue? ***Your approach is exactly like those in Government who refused to listen to sub postmasters and merely sought assurances from the Post Office!***

Why have you not also spoken to those actually affected by the Loan Charge and by HMRC's aggressive pursuit of them? Why are you not looking at the very considerable amount of evidence of the reality of how people are affected and how HMRC have and are treating people? Merely speaking to HMRC is meaningless. It's like claiming you are looking into abuse, but only speaking to the abuser.

Your current approach, for all your well picked words about challenging HMRC, is weak and complicit and doing nothing to either save further harm to people affected or to deal with the Scandal that blights the Treasury and HMRC.

In particular, I have pressed HMRC on their tone and approach taken when contacting people about their affairs. Where a taxpayer disagrees with HMRC's decisions or its conduct, there are routes of appeal independent of HMRC. After raising a complaint with HMRC, anyone who feels HMRC has treated them poorly can complain to the Independent Adjudicator. They can also ask their MP to refer their complaint to the Independent Parliamentary and Health Services Ombudsman.

This paragraph is deliberately ducking the core issue – that the current approach of your Government (as proposed by HMRC) is grossly unfair and dangerous. Whilst the tone and attitude of HMRC letters and staff has indeed been intimidating and accusatory, this is not the core issue, which is the whole approach to this scandal and the unfair way the Government and HMRC are treating and targeting this particular group of people.

Those caught up in this nightmare were recommended to use the arrangements they did to avoid the confused 'IR35' legislation, were given clear assurances that the arrangements were compliant and legitimate (and with little or no risk). Despite their misleading claims, the reality is that HMRC failed to act at the time, failed to warn taxpayers not to use the arrangements (and signed off tens of thousands of tax returns with them on) and failed to collect PAYE from agencies/employers at the time, when they had a legal duty to do so. The Loan Charge was introduced to cover that up, to have a 'second bite of the cherry' but only by going after those recommended to use schemes, not those who recommended, promoted and operated them, which is the central injustice of the whole scandal – and one we will not let you ignore.

This paragraph also gives the false impression that individuals can somehow appeal the Loan Charge (which is also one of the many misleading and factually incorrect things you said in your speech). We explained in our previous letter the reality of this, which you have simply ignored.

As a Minister I cannot comment on individual cases. However, I would encourage you to provide me with evidence of where HMRC has failed to meet the standards set out in the HMRC Charter, and I will ensure that HMRC responds to those concerns. Again, I intend to continue holding HMRC to account in respect of this and the other assurances they have given. However, it is extremely important that people with disguised remuneration liabilities engage with HMRC and work with them to reach settlement.

Why mention the HMRC Charter? We didn't raise it, so your doing so, is a (typical) red herring. There is very considerable evidence of the reality of the way HMRC are treating people – yet you are studiously ignoring this (and now doing so by bringing up the Charter, as means to allow you to do so).

We have not asked you to comment on any individual cases. Therefore, why have you said this? It appears that what you really mean is "I am not going to bother looking at any genuine evidence from actual cases of how HMRC has treated people", so this phrase is clearly a deliberate cop-out that justifies your refusal to look at evidence from individuals and rely simply on hearsay from HMRC.

We urge you to read the evidence forms supplied to the APPG. Read these many harrowing tales and then, could you honestly continue to stick with the glib airbrushing position you have decided to take, suggesting that just because you are speaking to HMRC, all is well because they tell you it is?

[I want individuals with tax liabilities to resolve their disputes with HMRC without stress or anxiety.](#)

This is of course misleading in itself, as well as being offensive, (considering just how much stress and anxiety HMRC's current approach inevitably and predictably causes). The Loan Charge is not 'tax liabilities' As you must know (assuming you have actually done some proper preparatory research on the whole issue, as opposed to merely reading what HMRC and your own officials give you) the Loan Charge is not tax, it is a charge based on what HMRC *believes* should have been paid at the time, if people had been working on an employed basis. The whole point of the deeply controversial Loan Charge legislation is that it gave HMRC the power to levy a charge based on what they *believed* should have been paid in income tax, on their belief (never proven in court) that the loans were income, but also allows them to similarly charge Inheritance Tax on the basis that the loans were loans!

Please therefore do not use this propaganda, of suggesting people have tax bills, when this is not true. Stick to the facts (and the legal reality), which is that people facing the Loan Charge are being asked to 'settle' their Loan Charge liabilities.

[I have pressed HMRC for firm assurances on settlements and they are clear. HMRC will not require disguised remuneration scheme users to sell their main home or cash in their pension savings to pay their debts. HMRC will not petition for bankruptcy with their agreed payment plan and doesn't incur additional tax debt – it is in nobody's interest to do this.](#)

The reality is this, Minister:

- Some people have had to sell their main/family home as a result of the Loan Charge and associated HMRC demands.
- Many people have had to take equity out of their homes to pay the demands.
- HMRC advisers have actually asked people take out a loan to pay the demands. This is certainly unethical and irresponsible, but we also believe it is breach of rules governing financial advice. See [this letter from the APPG](#).
- People have had to raid their pensions
- There have been bankruptcies/insolvencies, caused by demands related to the Loan Charge.

We really have to ask you why you peddle such glib propaganda, just because HMRC told you, when the facts above show that this is entirely inconsistent with the reality of the impact of the Loan Charge and associated HMRC demands?

Your last sentence (a bit like some of the parts of your speech in the Loan Charge debate on 18th January) doesn't actually make sense. However, we presume it is the latest attempt to mislead over the reality of bankruptcies/insolvencies, which is one of the key points on which the Treasury and HMRC have consistently sought to try to mislead MPs and journalists.

The Treasury and HMRC have consistently refused to give simple answers to questions regarding bankruptcies and people having to sell their homes, which are invariably responded to with the cynical tactic of saying 'HMRC don't *want* to make anyone bankrupt or sell their

home', when that is NOT what was asked, nor the point. Here is just one example of HMRC being asked such questions in [a letter from the APPG to HMRC](#) – which once again, were not answered.

As Co-Chair of the Loan Charge and Taxpayer Fairness APPG, Greg Smith MP raised in [Treasury Questions](#), even back in 2019 HMRC were aware that [around 100 individuals](#) had become insolvent. He asked:

"On this question of bankruptcies, there was a figure given in an internal document that surfaced as part of the Morse review in 2019 where HMRC admitted to around 100 bankruptcies from the Loan Charge. Can my honourable friend tell the House why that figure has never been given publicly by HMRC? And what is the figure today?"

We note that you failed to give an answer as to what the figure is now.

MPs should also ask why have you and your predecessors have never mentioned these 100 insolvencies in any answers to Parliamentary Questions, when they are clearly relevant to questions being asked? Either you are not aware of this (because HMRC have failed to inform you) or are deliberately omitting this key piece of information. Which is it?

We note in the debate, as at Treasury questions the following week, that you simply ignored several points, where you either didn't know the answer or wanted just to ignore and sidestep important points raised by other MPs. This really won't do. It's further ducking scrutiny and denying key answers that your Parliamentary colleagues have a right to know.

[HMRC continues to encourage people to settle their tax affairs and it wants to make the settlement process as straightforward as possible.](#)

This is complete nonsense Minister and shows that you have not looked at any evidence at all – the 'settlement' process is anything but straightforward.

As you and HMRC know, there are still 40,000 unresolved cases. FORTY THOUSAND, some *five* years after the Loan Charge came into force and *seven* years since this grubby and unconstitutional legislation hit the statute books. One of the key reasons for this is that HMRC did anything but make 'settlement' straightforward!!

Instead, to use the comment of a former President of the Chartered Institute of Taxation, they decided on a 'punishment strategy' and abused their power in coming up with a 'settlement' process that was unfair, unreasonable and highly complex (which also meant that in thousands of cases, HMRC got their own sums wrong! Hardly evidence of making it as straightforward as possible – not even straightforward for themselves). HMRC have also insisted on an admission of guilt – of deliberate tax avoidance – to allow people to 'settle', which is not only sinister coercion, but would push people to make a dishonest declaration as this was NOT the reality of how and why they entered the arrangements.

This of course is in stark contrast to the way HMRC treats the industrial scale tax avoiding of large corporations, with whom it does sweetheart deals. HMRC insisted on a ruthless 'max tax' approach when it came to those caught by the Loan Charge. As a direct result of this and being so unreasonable and so ruthless, the number of 'settlements' was nowhere near what HMRC expected and no doubt predicted to Ministers. Why have you not held them to account over this?

When are you as the responsible Minister going to do something about this wholesale policy failure, over a law that HMRC persuaded Conservative Ministers to pass, claiming it would resolve the situation?

The only convincing thing Jim Harra has ever said about the whole Loan Charge Scandal is when he called it *“the Loan Charge Debacle”* (even if he never intended for this to become public, as with so much of what he and senior colleagues have said privately). Yet instead of genuinely challenging them over this extraordinary policy fiasco, you have decided to act as their spokesperson and PR man.

Being blunt, HMRC have made you and your predecessors look like fools. As well as the mis-selling that happened with those who used schemes, HMRC mis-sold the whole Loan Charge policy ideas to your predecessors. Yet instead of waking up to this and doing something about it, you seem to want to be the latest poster boy for the Loan Charge Scandal. We find that baffling, but it is certainly not fulfilling your role of overseeing HMRC and holding them to account.

HMRC works with those affected to agree manageable payment plans and has a well-established Extra Support Service focused on those in vulnerable circumstances. HMRC offers payment plans based on peoples’ specific financial circumstances – meaning there is no ‘standard’ repayment plan. HMRC look at what people can afford to pay and then use that to work out how much time they need to pay. There is no time limit on how long a Time to Pay arrangement can be for – HMRC simply expect people to pay off their tax debt as quickly as they can afford.

This is pure fiction Minister. You’d know that if you actually looked at evidence, listened to your parliamentary colleagues and did something other than just speak to HMRC.

All the things you claim here – simply because HMRC have told you they are true – are in fact the opposite of the reality of how HMRC is treating people.

- Individuals and advisers representing individuals are being routinely refused proposed timescales for repayment, as being too long. To therefore suggest ‘there is no maximum time limit’ is just dishonest.
- HMRC routinely is demanding more than people can afford per month and considerably more than people’s disposable income.

More to the point, HMRC already know that many people cannot pay the sums being demanded on *any* terms, so for you to continue to peddle the myth that long payment terms will solve the issue, is disingenuous.

HMRC also admitted previously that they are well aware many people cannot pay the sums being demanded, as these comments show, from in an internal HMRC document, revealed in this [FOI response](#):

“Internal data suggests many individuals subject to the Loan Charge will have difficulties paying their liability in full.

There is a risk that a high proportion of individuals will not be able to pay their liabilities in full over these timescales, or indeed over any timescale”.

As revealed by [another FOI response](#) it is clear that internally, HMRC are well aware that people can't pay the sums being demanded, regardless of how long they are given to pay – which instantly shatters your claims that 'generous' payment terms will assist.

"Many low-income people may still not be able to settle their debt irrespective of the length of time we give them". (page 161 of the FOI response)

Once again with the Loan Charge Scandal, the truth is well known internally within HMRC and is very different from the propaganda and wholly false picture painted by you at the despatch box. Either you are not being given the true and factual picture by HMRC, or you are willingly participating in the ongoing deceit of Parliament.

You also mention vulnerable people. We have heard claims that HMRC has an 'Extra Support Team'. Yet most individuals and tax advisers we have spoken to are not even aware of this so-called 'Extra Support Team', so it clearly isn't having much of an impact on supporting people!

If you want to know about the people affected who need extra support – and this includes those most vulnerable, most damaged and most at risk of taking their own lives, why have you not asked to speak to any of them?! The answer is either because you don't actually want to hear the truth or that you don't have the courage to sit in a room and hear of how one of your department and Government's own policies has, and is, destroying lives. Which is it?

Or will you prove us wrong and now agree to meet with some of the people directly affected to hear from them the reality of the Loan Charge and the whole unfair approach?

[I understand that the Loan Charge Action Group provides secretariat support to the Loan Charge and Taxpayer Fairness All Party Parliamentary Group. You will be aware that I met last month with members of the APPG to hear their concerns. I think the APPG is the most appropriate body for me to engage with and I intend to continue this engagement over the coming months.](#)

Why is it you are so unwilling to meet with those impacted? Why won't you listen to the direct testimony of thousands of families whose lives are being ruined due to your Government's unfair persecution of people who are victims of mis-selling?

You are now the responsible Minister for a deeply controversial policy and approach that has led to suicides and attempted suicides. Why have you made no effort to speak with the families of those who have taken their own lives? As you know, all these cases had to be referred by HMRC to the Independent Office of Police Conduct, so the Government knows who all these individuals and families are? You could contact them and then listen to them as to the way your Loan Charge has destroyed their lives.

Any claims you make that you are 'challenging' HMRC are a joke, when you won't even meet with people who are directly affected, to hear of their experiences of dealing with HMRC and of facing the Loan Charge. Your current approach makes you complicit in this scandal and now makes you responsible should anyone else self-harm (or worse) as a result of the position your Government and an unaccountable HMRC that you are bizarrely keen to defend (and cover up for).

We urge you to have the courage to actually speak to the victims of your Government's pernicious legislation and whole approach and victims of your refusal to properly challenge HMRC (which means looking at evidence, not simply speaking to HMRC and accepting what they are telling you).

In terms of you meeting with the APPG, are you actually prepared to listen to and act on your concerns, or is this just a tick box exercise, the same as Lucy Frazer so you say 'you are listening/engaging' when you are clearly not. The only purpose of any such engagement is for you to listen, ask for evidence and then properly examine it, not just ask your officials and HMRC for their view and produce more misleading narrative that ignores the reality.

[Thank you for taking the time to make me aware of your concerns.](#)

We'd like to say thanks for your response, but we cannot, considering that you deliberately chose to ignore our ENTIRE letter and refused to address ANY of the many points that we had gone to great lengths to show you how what you said in your speech on 18th January were partial, misleading or incorrect.

Many commentators noted how uncomfortable you looked in the debate and again at Treasury Questions. You may be content to read from the usual scripts, but at times you looked distinctly uncomfortable, so we suspect that you are actually not as convinced as you would like to be by the propaganda you have been given to parrot.

If you are at all serious about your responsibilities as Financial Secretary to the Treasury and if you are all worried about the fact that YOU are responsible for a policy and approach that has caused suicides, then this is the time for you to properly look at the whole issue and stop being a mouthpiece for HMRC, like your predecessors.

Why is it you simply want to be a mouthpiece for HMRC? Why are you so willing to take a stand helping HMRC cover up and airbrush the whole Loan Charge Scandal? In light of the mistakes made over the Post Office Scandal, your position and attitude is frankly staggering and we believe it is one that will come back to haunt you.

We ask you again to have the courage to meet with victims and tax professionals deeply concerned about the Loan Charge and stop hiding behind HMRC officials and discredited propaganda.

Otherwise, the only thing worth asking you, if you will not engage, is who do you hope plays you in a drama about the Loan Charge Scandal? Unless you change your position, stop believing everything you are being told, look at evidence and *actual* cases, you're your portrayal in any such drama will not be one you will be proud of.

Those caught up in the nightmare of the Loan Charge scandal thought and hoped, for just a few weeks, that you might just be different. Alas, that faint hope has now been all but extinguished.

You can ignore us but you might want to properly heed the words in the House of Commons of Sammy Wilson MP in the debate in January:

"The parallels [with the Post Office Scandal] , as I say, are frightening. I ask myself this question and the Minister should be asking it of himself, too. In one, two, four, five or 10 years' time, will we see the same embarrassment and see Ministers who parroted the Department's line being asked the question, "Why did you not raise the alarm at the time? Why were the explanations not challenged, and why were the calls for help not heeded?" That should be a salutary warning to Ministers".

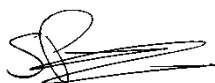
Yet you are choosing to ignore that salutary warning. Instead you are doing *exactly* what your senior colleague, Jacob Rees-Mogg warned you not to do:

“If the Minister cannot control HMRC, he should not read out the rubbish that it provides for him to read out from the Dispatch Box, and he should be well aware of the warnings given of Ministers who have either been willing to read out things that turn out in future to be untrue, or not asked the right questions.”

You have ignored that so far and are indeed both reading out and writing ‘rubbish’ that, as we have now shown in our two letters, is demonstrably inaccurate. We wonder, if only for your own reputation and credibility as a Minister, whether you might want to think again.

Do let us know if you are prepared to meet with those facing the Loan Charge, or we suggest not bothering to reply. We certainly don’t want any more dishonest propaganda and will continue to challenge it.

Yours sincerely



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

On behalf of the Loan Charge Action Group