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## Treasury announces a ‘review’ of the Loan Charge...that excludes reviewing the Loan Charge

Those facing the controversial Loan Charge have expressed dismay at the Treasury announcement of what was supposed to be a fresh, independent review of the Loan Charge, only to discover from the Terms of Reference and those running it, that it is neither a review of the Loan Charge, nor independent.

Chancellor Rachel Reeves made [a clear promise in January 2024](#) to conduct a fresh, independent review of the Loan Charge and yet the Terms of Reference, which are very restrictive and have been set by the Treasury, *actually excludes looking at the Loan Charge itself*.

Campaigners and MPs from the Loan Charge and Taxpayer Fairness All Party Parliamentary Group (APPG) had called for a proper review into the whole Loan Charge Scandal, which involves thousands of freelance and contract workers and small company directors facing ruin having used what they were told were legal and compliant schemes, recommended by accountants and in some cases, recruiters and clients.

The [APPG wrote a comprehensive letter in December](#) laying out what a review (or ideally a proper inquiry) should look like, what it should look at and how it needed to be structured to be both transparent and independent. Instead, the Treasury has announced a cynical exercise that will look only at settlements and how to “encourage” those affected to pay, without looking into the fairness of the controversial retrospective legislation and HMRC’s aggressive treatment of people at all, which has been linked to the [ten confirmed suicides](#) and [thirteen attempted suicides](#) of people facing the Loan Charge.

There is outrage that the ‘review’ has been designed, just like the sham Morse Review, to avoid looking at promoters of the schemes who mis-sold them on an industrial scale and in some cases made millions from doing so. This is despite [Rachel Reeves saying in an interview](#) “*Who are the real culprits here? It’s people who mis-sold products*”. Despite this, there is no mention at all about even scrutinising the role of promoters, never mind taking action against them. Instead, the Government has already decided to continue to persecute those who were advised to use them, including by Chartered Accountants, with the only offer being looking at the ‘fairness’ of settlements, not the issue and the law itself.

People caught up in the Loan Charge Scandal, contractors and small company directors facing unaffordable retrospective demands from HMRC, have been living with this nightmare for years now and had hoped that the promise would lead to a proper review of the whole Loan Charge, the conduct of HMRC and the role of those who recommended, promoted and operated the schemes. Yet instead, people are calling this a broken promise and a betrayal.

Despite widespread criticism of the lack of independence of the 2019 'independent' Morse Review, the Treasury hasn't listened and has appointed a Chair who worked for HMRC/the Inland Revenue for 31 years, as well as again staffing this one with HMRC and Treasury staff, despite these being the two Government departments responsible for the Loan Charge fiasco. HMRC and the Treasury will be supplying "information and analysis" throughout, rather than being called up to give evidence publicly and both Government bodies will be shown the draft report and allowed to make 'corrections'. This happened with the 2019 review and the Treasury has subsequently refused Freedom of Information requests to publish the initial draft of the report, before changes were made.

#### **Key points on the Treasury announcement:**

- The so-called independent review of the Loan Charge **actually excludes reviewing the Loan Charge**. It excludes looking at the legislation, how and why HMRC conceived of the Loan Charge and the flawed impact assessment. It excludes looking at the history of the issue and scandal **at all**.
- Instead, it **justifies the Loan Charge and maintains the current position for all affected**.
- **It is merely a review of the settlement terms** and how more people can be made or "encouraged" to settle what are unfair and disputed demands.
- Farcically, as well as being **staffed by officials from HMRC and Treasury** (again), the two Government bodies responsible for the whole Loan Charge fiasco, it is also being **Chaired by a former senior HMRC official who worked for HMRC/the Inland Revenue for 31 years!**
- **It deliberately excludes looking at HMRC**, who conceived the Loan Charge to give themselves carte blanche to pursue victims of mis-selling. It deliberately avoids scrutinising HMRC's inaction in policing this at the time, its failure to collect PAYE from agencies and its aggressive and incompetent approach towards those affected, which includes many, now vulnerable, people.
- Public officials responsible for the Loan Charge and its impact (including 10 suicides) will not be required to give evidence in public, instead both HMRC and the Treasury will be providing "*information and analysis during the review*".
- HMRC and the Treasury will be shown the report before publication and allowed to suggest "corrections".
- **It deliberately avoids looking at what a profound policy failure the Loan Charge has been**, with thousands of people still facing the Loan Charge over five years since it came into force and with similar schemes still being openly advertised and promoted, with more people being caught up in them.
- **It deliberately avoids looking at the role of scheme promoters** who made millions from mis-selling these arrangements, instead the Government has chosen to let these people off scot free.

- **It deliberately avoids looking at umbrella companies, accountants and recruiters**, who were incentivised financially to push people into using these arrangements.
- **It deliberately avoids looking at the end clients**, that benefited from avoiding employers taxes and the need for employee rights and benefits, **which includes HMRC**, Government departments and councils, as well as many large corporations.
- It excludes those being unfairly chased for pre-2010 cases, taken out of the scope of the Loan Charge by the previous Morse Review but still being hounded by HMRC.
- **It deliberately excludes reviewing the ten suicides and thirteen suicide attempts** that HMRC have confirmed of people facing the Loan Charge.
- It deliberately excludes those who have been mis-sold schemes after the Loan Charge came into force and are being pursued for un-payable demands, which includes many low paid workers, including nurses, social workers and other council staff.
- **It deliberately avoids looking at how Government and HMRC can actually stop these kinds of schemes and promoters and how Government and HMRC can protect freelance and contract workers.**
- It deliberately excludes learning any lessons about how the scandal happened or how such a mess can be avoided in future.

**Steve Packham from the Loan Charge Action Group said:**

“What the Government has announced today is not a review at all, as it actually astonishingly excludes reviewing the Loan Charge. It is a complete sham and a betrayal of the promise made by Rachel Reeves last year.

“The terms of reference start by justifying the Loan Charge and the whole approach taken and instead of being any review of the issue and scandal, is just about how people can be persuaded to give in and pay the unfair and disputed demands. This will not only not get to the truth, it will not resolve the matter and cases will unfortunately drag on and on.

“The review also fails, of course, to include looking at HMRC, who conceived the Loan Charge to give themselves carte blanche to pursue victims of mis-selling. It also deliberately avoids looking at the role of scheme promoters who made millions from mis-selling these arrangements, instead the Government has chosen to let these people off scot free.

“We are deeply worried about the impact on mental health that the announcement of this sham non-review will have and with ten suicides already. It is clear that HMRC and the Treasury will do all they can to avoid the truth coming out and having a genuine review, but the Loan Charge Action Group will continue to expose the reality of the Loan Charge Scandal”.

**Greg Smith MP, Co-Chair of the Loan Charge and Taxpayer Fairness APPG said:**

“What has been announced today is not only a farce, but it is not actually a review of the Loan Charge, which is what the Chancellor promised. The supposed review starts by justifying the

Loan Charge and it also makes clear that it will not change the position people are in, nor review the legislation and whether it was fair and justified.

“The APPG made clear that the review must be led by someone independent and not staffed by HMRC and Treasury officials. Instead the Government has appointed a former senior HMRC official to lead it and staffing it from the two Government bodies responsible for the whole Loan Charge fiasco.

“This is not the review that was promised nor the review that is so desperately needed and the APPG will continue to push for a genuine inquiry into this Scandal.

ENDS