

Problems with tax credits

What are tax credits?

There are two types of tax credit:

- Working Tax Credit is extra money you can get from the government if you are working and on a low income
- Child Tax Credit is extra money you can get from the government if you have children and are on a low income. You don't have to be working to get Child Tax Credit.

Whether you can get tax credits and the amount you can get depends on your income, and your family circumstances.

Tax credits are paid by HM Revenue and Customs (HMRC).

This fact sheet tells you about some of the problems you might have when you claim tax credits and suggests how you might deal with them.

You disagree with a decision about your claim

You might have claimed tax credits and been told by HMRC that:

- you aren't entitled to any money when you think you should be
- you're entitled to an amount of tax credit you think is less than you should be getting
- you'll be charged a penalty (for example, because they say you failed to give them information they needed to make the decision).

If you don't agree with a decision, it's worth contacting the HMRC Tax Credit Helpline on **0345 300 3900** and asking for an explanation. They may be able to change the decision.

Asking for a decision to be looked at again

If you're still not satisfied, you can ask for the decision to be looked at again on a more formal basis. This is called a **mandatory reconsideration**. You can find a form to ask for a reconsideration on the HMRC website at www.hmrc.gov.uk/leaflets/wtc_ap.pdf or ask the Helpline to send you one. Or you can write a letter and send it to the address on the decision notice.

You must normally ask for reconsideration within 30 days of the date of the decision.

If you want to challenge a decision that you have to repay an overpayment, different rules apply – see below under 'Overpayments'.

Appealing against a decision

When you have received a decision on your request for a mandatory reconsideration, if you are still not satisfied, you can appeal directly to an independent tribunal. The decision notice will tell you how to do this.

It's best to get expert advice before you appeal. You must act quickly because, except in very exceptional circumstances, the tribunal must get your appeal within 30 days of you receiving the decision about your mandatory reconsideration.

You are more likely to win an appeal if you have a hearing and an expert adviser to represent you.

If you disagree with the appeal tribunal's decision, there is very little you can do. You may be able to appeal to the Upper Tribunal, but only if the tribunal made a mistake in the way it interpreted the law. If you want to appeal to the Upper Tribunal, you should always get expert advice first.

You can't appeal against a decision that you have to repay an overpayment, but you can dispute it in some circumstances and you can appeal if you think that the amount of your tax credits award was wrong in the first place.

Overpayment

Where you've been asked to pay back an overpayment:

- you have the right to dispute the overpayment if you think that HMRC has made a mistake
- you can ask HMRC to look again at the repayments they've asked you to make, if you are having difficulty making them.

If you don't agree with the decision to recover the overpayment, ask the Tax Credits Helpline to explain how the overpayment happened. Keep a record of your telephone call, including the date and time of the call. If you're not happy with the explanation, you can ask HMRC to look at their decision again. You can do this by filling in form TC846 which you can find online at www.hmrc.gov.uk/forms/tc846.pdf or ask the Helpline to send you a copy.

HMRC will continue to collect the overpayment while they consider whether you must pay it back. However, this doesn't apply if you are appealing against the decision which caused the overpayment in the first place, for example, because you disagree with the amount of the overpayment. HMRC should send you their decision, along with the reasons for it, in writing.

If you are still unhappy with the decision to recover the overpayment, you can only ask them to look at it again if you have new information or if you feel they haven't considered information you've given them previously. Otherwise, you should get advice about what options are open to you. You should do this as soon as possible as there are strict time limits about when you can take further action. In certain circumstances, this might include going to court.

You can ask HMRC for more time to pay back an overpayment. You can call them on 0845 302 1429 and ask either to pay back the money in instalments, or to wait a while before they start to collect the overpayment.

In exceptional circumstances, HMRC can write off all or part of an overpayment if it would cause you or your family hardship to pay it back, for example, if you're unable to pay for essential living expenses.

Fraud

HMRC can decide to charge you with fraud if they think you have deliberately:

- failed to give them information they've asked for
- given them wrong or misleading information about your income or personal circumstances
- failed to report a change of circumstances within three months.

You won't be charged with fraud if you have a reasonable excuse or explanation for doing any of these things.

Tax credit fraud is a criminal offence. You can be made to pay a penalty, face criminal charges and even be sent to prison if you're found guilty.

If you've been accused of tax credit fraud, you should get expert advice.

Complaints about the way HMRC has treated you or dealt with your claim

You may be unhappy about the way HMRC has treated you or dealt with your tax credit claim. This might be because:

- you feel you've been treated less well because of your sex, race, sexuality, disability or religious beliefs
- there has been an unreasonable delay in dealing with your claim or enquiry
- you had serious problems getting through on the telephone to discuss your claim
- HMRC staff were rude or unhelpful
- HMRC staff gave you wrong advice or made repeated or serious mistakes (you may be able to get compensation for this).

If you aren't happy with the service you've received from HMRC, you can try and sort the problem out informally first with someone at the office which dealt with your claim. If you're not satisfied with the response, you can complain to the Complaints Manager at the same office. If you're still not satisfied, you can ask for the decision to be looked at again.

If you don't get a satisfactory response to your complaint, you can ask the **Adjudicator** to investigate your complaint. Strict time limits apply. You can contact the Adjudicator at:

The Adjudicator's Office
8th Floor
Euston Tower
286 Euston Road
London
NW1 3US
Tel: 0300 057 1111
E-mail: adjudicators@gt.net.gov.uk
Website: www.adjudicatorsoffice.gov.uk

You can also complain to the **Parliamentary and Health Service Ombudsman**, but you can usually only do this if you've already complained to the Adjudicator first. For more information, go to: www.ombudsman.org.uk, or phone the Ombudsman's office on 0345 015 4033.

Further help

Citizens Advice Bureau

Citizens Advice Bureaux give free, confidential, impartial and independent advice to help you solve problems. To find your nearest CAB, including those that give advice by e-mail, click on [nearest CAB](#), or look under C in your phone book.

Other information on Adviceguide which might help

- Overpayment of tax credits
- Tax credits – reporting a change of circumstances
- Working Tax Credit
- Child Tax Credit
- Benefits and tax credits for people in work
- How to use an ombudsman

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