



Baroness Newlove of Warrington
Victims' Commissioner for England and Wales

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The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
Sent by Email: CEU.Enquiries@hmtreasury.gov.uk

Wednesday 19th March 2025

Dear Chancellor,

I am writing to you further to my letter of 8 May 2024 (the reply was received by my office on 17 January) and a meeting with officials from HMRC concerning victims of fraud who are being pursued by HMRC for tax liabilities on monies they no longer have.

My original letter was prompted by campaigners telling me victims of fraud are being pursued by HMRC for tax liabilities because of actions that led to savings being stolen or defrauded from them. In practice, many of these victims have lost their life's savings or pension pot or investment portfolio, which in many cases leaves them close to destitute. They then face the prospect of a tax liability which can result in them having to sell their homes or face repayment deductions from their earnings for the rest of their lives.

HMRC officials offered to meet me to discuss how they currently support fraud victims. However, I was keen to understand why fraud victims are being taxed on monies defrauded from them in the first place.

I am grateful to your officials for taking the time to meet me and for being so helpful in answering my questions. Nevertheless, I remain deeply troubled about the treatment of this group of victims.

I understand some of the victims within this group have experienced investment and and/or tax fraud. In other cases, it can be "pension liberation" fraud is when victims

are scammed into transferring money out of their pension, into an unregulated scheme, under the guise of being able to access their money before the age of 55. HMRC treats this as an unauthorised payment, even in cases of fraud, and the victim will be subject to tax charges of at least 55%, potentially as high as 70%.

There may be some people within this group who sought deliberately to evade paying tax on their investment portfolio and lost their savings in the process. However, many others will have acted in good faith, believing their actions to be lawful and legitimate. They lost their savings because of fraud and as such, they are a victim of crime.

Given the scale of the loss in many of these cases and the substantial and ongoing impact it will have on them and their families, it would not be an over statement to say they are victims of the most serious crime. It is fair to assume many will be suffering severe trauma arising from what has happened to them.

Most of these victims will be engaged with law enforcement agencies as a result of the crime. These agencies regard them as victims of crime and treat them accordingly. This means they will have entitlements under the Victims' Code and will be eligible to receive support from local victim services.

However, this status as a victim of crime does not apply when HMRC get involved. Victims are referred to as customers or taxpayers. When I raised this with officials, I was advised that HMRC prefers to use "neutral" language.

If the police have identified a person as being a victim of crime, I struggle to understand why this is not recognised by HMRC. It creates an anomalous situation whereby, simultaneously, we have one arm of the state acknowledging a person is a victim of crime and another that, as a matter of policy, does not. I am not aware of any other situation where this applies.

When I raised this question with your officials, I was told HMRC was not in a position to determine whether the person was a victim of crime or whether they were culpable for the situation in which they have found themselves. This is not an acceptable response. HMRC has a duty to establish whether a crime has been committed against the individual concerned, with the outcome determining how the person should be treated.

A clear distinction must be made between fraud victims and individuals who deliberately evade taxes.

Instead, HMRC prefer to handle every case as a tax issue and not as a fraud issue. I believe this needs to change. Fraud cases, especially historic ones, should be reviewed independently by fraud specialists who understand the complexities and nuances of these cases. These cases should not fall solely to tax specialists. Furthermore, once criminality has been established, HMRC should focus on recovering proceeds from the criminals rather than continuing to place the burden on victims.

Your officials explained to me the support you have put in place when dealing with this group of victims. I have no doubt your department has the very best intentions. However, for any victim of crime to be treated appropriately, the starting point must be an acknowledgement they have been wronged and that full responsibility for the crime lies with the criminal.

Given that HMRC has a policy of not acknowledging victimhood, it therefore follows any support on offer is unlikely to meet a victim's needs.

Some of the victims have detected from HMRC a culture of victim blaming, making them feel as if they have been labelled as tax avoiders. Slogans such as "...if it is 'too good to be true it usually is'", inevitably makes them feel it was their fault they became victims of a scam. This is regrettable and needs to change.

I have been told about victims' who have felt suicidal due to their treatment by HMRC. Some victims have found this treatment to be as traumatising as the crime itself. There is a view that the support provided by HMRC is insufficient, as they are just signposted to Samaritans.

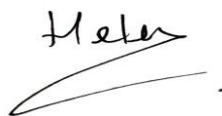
HMRC's approach and communication needs to be trauma-informed, as many of the victims they encounter will be suffering from PTSD. They should aim to provide a specialist caseworker that can provide tailored support, understands the impact of fraud, and prevents the victim having to re-live their experiences.

HMRC is not listed as an agency under the Victims Code and yet it is dealing with traumatised victims of the most serious crimes. As a first step in changing the culture of HMRC in respect of its treatment of victims, it should be listed under the Victims Code. The Ministry of Justice is about to embark upon a consultation following a re-write of the Code and now would provide a good opportunity to take this forward.

In conclusion, I am extremely concerned about the treatment of this group of victims by HMRC and I am asking you to review how these cases are handled and the support on offer. These victims have suffered hugely as a result of the crimes committed against them and it would seem the state is compounding this injustice by pursuing them for unpaid tax on monies that have been stolen. I fear for their wellbeing and urge you to act quickly.

Given the level of public interest in this matter, a copy of this letter has been placed on my website.

Kind regards,

A handwritten signature in black ink, appearing to read 'Helen', with a long, sweeping underline.

Baroness Newlove
Victims' Commissioner for England and Wales