

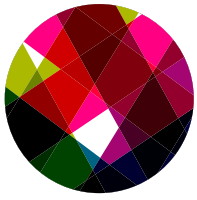
 adjudicator's office

annual report 2019



Contents

| | |
|---|----|
| Our Role and Vision | 3 |
| The Adjudicator's foreword | 4 |
| Office update | 6 |
| External engagement | 9 |
| Learning from complaints | 10 |
| Equality monitoring survey | 17 |
| The complaints process | 18 |
| Workload 2018-19 | 20 |
| HM Revenue and Customs | 22 |
| Stakeholder feedback | 31 |
| Valuation Office Agency | 32 |
| The role of the Adjudicator | 35 |
| Customer feedback | 36 |
| How we are organised | 37 |
| Finance 2018-19 | 38 |
| Business Plan progress | 39 |
| How to contact us | 40 |
| Appendix: Meeting the Ombudsman Association service standards | 41 |



Our Role and Vision

Our Role

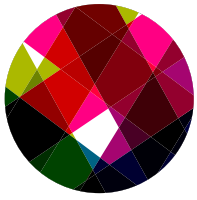
The Adjudicator's Office:

- Resolves complaints that come to us by providing an accessible and flexible service and making fair and impartial decisions.
- Supports and encourages effective resolution throughout the complaint handling process.
- Uses insight and expertise to support departments to learn from complaints to improve services to customers.

Our Vision

By working with the departments and using our independent insight and expertise, we will achieve these positive outcomes for our customers:

- Complaint handling is trusted as fair.
- Responsive to customer needs.
- Insight from complaints improves services for customers.



The Adjudicator's foreword

Welcome to the annual report for my third year in office.

We have had another successful year; we have again reduced the number of customers waiting for us to begin our investigations, and the average time a customer waits to get a decision from us on their complaint to less than four months. We have improved our complaints performance and made great progress in developing ways to feedback learning from complaints to the department.

The number of complaints that we received for the year is slightly increased compared with last year. The upheld rate for Her Majesty's Revenue and Customs (HMRC) remains similar at 35%. Complaints about Benefits & Credits have continued to reduce slightly but there have been increases in complaints from other business areas.

The number of Valuation Office Agency (VOA) cases we received was significantly up on last year at 45, and the upheld rate also increased this year to 12%.

Customers still have no access to our service through any digital channels. It is vital that we urgently find a way to remove this unacceptable barrier for those who want us to consider their complaints. This has also been highlighted by Treasury Select Committee.

The improvement in departmental complaint handling, evident when I first took office, has stalled over the past year. There is no evidence of a comprehensive, organisation wide understanding or acceptance of the importance of good complaint handling, or the potential to learn



“I understand the pressure that the department is under currently. However, I think that they are missing opportunities to maximise the value of complaints.”

Helen Megarry
The Adjudicator

from complaints. Although I see numerous isolated examples of good practice in complaint handling and customer service, it is not consistent. There are clearly other factors driving treatment of customers in some areas of business. Across the range of our work, we see actions and behaviours that do not meet basic principles of good complaint handling.

For the past year, we have been operating under our new Service Level Agreement with improved focus on our independence. We have worked with the department to introduce new ways of working, which enhance our independence in investigations and decisions. We are providing a more responsive, flexible service and reducing end-to-end resolution time for customers. We have also introduced administrative efficiencies for the department. The process of development and consultation has been a positive one, giving opportunities to build relationships and focus on working together to achieve positive outcomes for customers. The process has also exposed some inconsistencies in interpretation and understanding of our role.

We have developed our capability to feedback learning from complaints. We give feedback on potential learning from individual complaints. We have produced three thematic learning reports. These explored issues of delays, customer experience of complaint processes and cases that we are unable to consider because they are out of remit.

We have also presented topical reports to HMRC on Tax Free Childcare and NHS Widening Access Training Scheme.

We received varying responses to our reports, although no coordinated corporate response from HMRC or VOA. The departments have not demonstrated a consistent system for decision-making or providing feedback on proposed actions in response to the learning we offer. There is also little engagement in any feedback we give that relates to systemic or cultural issues. Our reports highlight a tendency to focus on numeric data, process and tactical issues rather than on valuing customer insight and opportunities to improve services for customers. A recurring theme is that when policies are developed there is a lack of foresight and planning for how matters will be dealt with that do not fall within clear policy guidelines.

The department's response to feedback on policy and process issues is often very open. However, we continue to see delays in successfully implementing or embedding recommendations that would improve decision-making or customer experience.

In many complaints, departmental culture plays a part in driving customer dissatisfaction. This is most often a failure to consider issues from the perspective of the customer. We have highlighted a recurring issue of the department not taking ownership for the impact of their errors or delays on the customer. This can be a particular feature

Complaints resolved in 2018-19

1,120

Average time to resolve a complaint

3.6

months – 2018-19

7.5

months – 2017-18

9.7

months – 2016-17

when other agencies or government departments are involved.

Day to day we see behaviours that demonstrate a culture that is not open to feedback or listening to customers to inform learning. However this is not universal. Interest in listening to feedback from customers appears to depend on the level of preference of individual leaders, rather than a comprehensive organisational strategy for learning from complaints or a real understanding of 'customer focus'. I have referred to these issues in my previous Annual Reports.

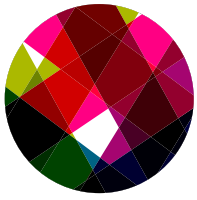
The department tell me of numerous activities underway designed to improve customer experience. I understand the pressure that the department is under currently. However, I think that they are missing opportunities to maximise the value of complaints as a direct and unfiltered source of feedback from customers about how they experience their interaction with the department. They also miss opportunities to listen openly to that feedback and to learn from it to promote sustainable performance improvements of benefit to both department and customers.

Our team has worked very hard this year, both in terms of delivering our casework and in developing new ways of working and learning from complaints. I am very grateful for their commitment to improving services for customers, their enthusiastic and dynamic approach to change and for the amount that they have achieved.

Jane Brothwood and I were invited to give evidence to the Treasury Select Committee on the work of the Adjudicator's Office in March 2019. It gave us great pleasure to be able to tell the Committee of the service improvements that our team have delivered for our customers.



Helen Megarry
The Adjudicator



Office update

Performance of the Adjudicator’s Office has continued to improve and we are in the best position the office has seen in its 25 years.

When Helen Megarry and I took up post in April 2016, with our people, we focused on improving our internal performance by creating our vision and purpose and developing our strategic transformation programme. This included four strands:

- our customers
- our people
- our organisation
- learning from complaints

Underpinned by:

- Governance, and
- Digital

We streamlined our work and introduced a performance focused culture based around four key behaviours.

The outcome of these changes has led to a significant improvement in customer services, both for our external customers and the department.

While we still have more to do, over the past four years – as well as a productivity increase of approximately 80 % – we have seen the performance improvements shown in the graph below:



“The outcome of these changes has led to a significant improvement in customer services, both for our external customers and the department.”

Jane Brothwood
Head Office



Our improving results are in the context that the volume of complaints to the Adjudicator's Office continues to represent around 1-1.5% of complaints the department recorded at the department's first attempt to resolve, and around 20% of complaints they recorded as their second attempt.

We can now provide more timely feedback and potential learning points to the department. Using the six complaint categories we highlighted in last year's report, we have introduced four tiers of learning:

1. Individual complaints investigated
2. Topical reports
3. Thematic learning
4. Tracking/monitoring progress and validating departmental changes in real time.

In the second half of the year we focused on the next stage of our transformation, bringing greater independence to our complaint investigations in order to deliver our vision and purpose. We no longer request departmental reports for information, instead we define the complaint in communication with the customer and we interrogate departmental systems available to us. Where appropriate, we telephone the customer to seek additional information, and make enquiries with the department. We tested our new approach with 96 customer complaints, and received positive feedback from external customers and the department.

We introduced this new approach for all customer complaints received in the Adjudicator's Office in February 2019, and are working with departmental colleagues to help them understand the Adjudicator's Office independence and what this means in practice.

During the year, we invited HMRC's Internal Audit team to undertake reviews of our governance framework and application of data security policies. Following the reviews, reports indicated application of good practice. At the end of the year, Internal Audit completed second reviews on both topics to validate previous actions. Highlighting two key risks:

- lack of a departmental (HMRC) systemic approach to learning from the Adjudicator's Office
- lack of telephone call recording facilities.

We have continued to liaise with HMRC colleagues, but we still do not have any customer facing digital services such as secure email or call recording. Although we received funding for an interim secure email service, HMRC were subsequently unable to deliver this within the financial period. We have therefore submitted a further bid for funding as part of HMRC's 2019 Spending Review and there are ongoing discussions with HMRC.

Throughout all our changes, we have continued to focus on developing our leadership and management skills and engage with our people. Our 2018 Civil Service People Survey

responses were again among the highest performing teams across the Civil Service. In seven of the nine categories were in the top three response rates across HMRC.

While we clearly still have more to do, key responses compared with 2015 included:

Overall engagement:

61%

an increase of 27 percentage points

Organisational objectives and purpose

91%

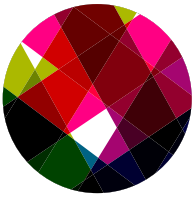
an increase of 18 percentage points

Leadership and managing change:

57%

an increase of 43 percentage points

The Adjudicator's Office team continue to rise to the challenge, adapting and adopting to the changes introduced. As a result, they have continued to improve services for all our customers and deliver on our vision and purpose.



Feedback about the Adjudicator's Office

We always welcome feedback from customers as it helps us to review our service and seek improvement. In addition to compliments, we also consider:

Complaints about our service

During the year we received 17 complaints about the level of service we provide. These were about a range of different issues, but notably fewer about the length of time it took to begin our investigation of the customer's complaint. While the number of complaints this year is in keeping with the average for previous years, our aim is to provide a service that customers are satisfied with.

We continue to critically review all of our processes and how we work, in order to improve delivery times and customer service, and Jane Brothwood highlighted our successes so far.

However, the fact remains that the Adjudicator's Office carries out detailed investigations which necessarily can take some time to complete.

Investigations usually require contact with both customer and the department, as well as independent research. Because each complaint is different and needs to be investigated on its own merits we cannot predict how long each investigation will take.

The 'Complaints about our service' leaflet, which is available on our website, tells our customers how to raise their concerns.

Queries about the Adjudicator's recommendation

The Adjudicator does not want to delay the resolution process for those customers who do not agree with her. In all cases, it is for the customer to decide their next course of action, including an approach to the Parliamentary and Health Service Ombudsman.

All of the Adjudicator's recommendation letters clearly explain the process for referring a case to the Parliamentary and Health Service Ombudsman if the customer remains dissatisfied.

External engagement

Treasury Select Committee:

Giving evidence to the Committee was a great opportunity for the Adjudicator's Office and recognition of the value and importance that external stakeholders have for the work we do. The Committee had an excellent understanding of the link between the complaints we investigate and departmental culture and behaviours. Committee members referenced the House of Lords committee report that considered the department's approach to compliance, which made recommendations relating to the Adjudicator. They were particularly interested in the extent of the department's engagement with us and in our powers and authority.

In her evidence to the Treasury Select Committee, the Adjudicator said:

"We have done a lot of work on rebuilding a different relationship with the department. When I first came in, it is fair to say that things were quite adversarial, and we have worked on developing customer-focused outcomes, to try to find a way in which we can collaborate more with the department, particularly on the complaint-handling improvements and learning from complaints. One of the issues for us is about being able to get the department to fully engage in those two aspects of our work, and being able to maximise the influence we have, to achieve those customer-focused outcomes."

The Committee asked what would be the single thing that the department could do, so it does not continue to repeat the causes of complaints. The Adjudicator replied:

"...improved engagement with us on those issues. Our experience is that HMRC took some time to come round to the idea of the Adjudicator's Office offering learning from complaints. There has been a period of adjustment, in terms of getting the processes in place and the responses to that. We find that the department is more engaged in responding to feedback on process issues, task-based issues and that sort of thing... but, when it comes to the more systemic or cultural issues, we have very low levels of engagement. If the department could engage with us more to find out what the benefits are of learning from complaints, and to understand the true potential of learning from complaints in that space, that could make a big difference."

We were also able to report the performance improvements made over the past three years, acknowledging that we have more work to do. The Committee also asked about digital services. The Select Committee chair formally wrote to HMRC recognising the value of the Adjudicator's office and recommending provision of customer facing digital services.

A full transcript of the meeting is on www.parliament.uk

Ombudsman Association:

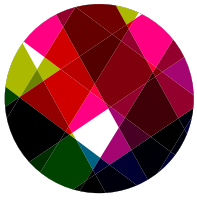
The [Ombudsman Association](#) is:

"...a professional association for ombudsman schemes and complaint handlers, their staff and others interested in the work of independent complaint resolution..." with a purpose to "...promote the role of an ombudsman as the 'best practice' model for resolving complaints, and to encourage the sharing and adoption of best practice by members..."

Engagement with the Ombudsman Association enables us to develop and promote best practice in complaint handling. It also supports our independence. We benchmark our service against Ombudsman Association service standards – more information on how we meet the standards is included in the appendix to this report.

Our engagement includes:

- **Helen Megarry** was reappointed to the Executive Committee
- **Jane Brothwood** chairs the Casework Interest group
- **Sarah Doherty** is deputy chair of the HR group



Learning from complaints

Key messages during 2018-19

The learning we identify comes primarily from the individual complaints we investigate.

Extensive information about departmental practice, process and culture is available from a single complaint. Collective analysis of the complaints we investigate provides us with information about emerging themes or patterns that are not visible from an individual instance.

We identify further opportunities for learning and feedback from our interactions with HMRC and VOA. In this way all of our feedback is evidenced directly from our handling of complaints.

Over the past year we have identified key themes for the department from our investigation of individual complaints:

- **Complaint handling:** the purpose of complaint handling and good practice is not consistently understood or applied.
- **Policies:** when developing new systems and approaches insufficient consideration is given to how customer issues will be dealt with when they fall outside documented policies. Similarly, there is a lack of flexibility to resolve customer issues.
- **Culture:** a narrow approach to following process, even where departmental errors are identified. Impact on the customer is not

properly acknowledged or assessed.

- **Customer focus:** activity is often driven by internal departmental needs and focus rather than an external customer perspective.

We have daily interaction with the department, both in relation to our individual investigations and our wider activity in complaint handling and learning. From analysis of that interaction we have identified the following themes:

Value of learning from complaints:

We provide value for individual customers by investigating their complaints and reaching an independent decision. However, there is greater value for the department in listening to the insight from complaints we investigate to inform improvements to complaint handling and services for customers more broadly. This wider value is not fully understood or accepted across the department.

Approach to feedback:

HMRC does not appear to have a systemic approach to learning from complaints that incorporates all business areas. In addition, customers express dissatisfaction through multiple routes, complaints, appeals or disputes and learning from those sources is not fully integrated. We noted a preference for acting on feedback that elicits transactional changes to process and systems rather than engaging in potential systemic or transformational change.

Volume of complaints to the Adjudicator's Office:

The department's tendency to focus on volumes rather than value dictates against seeing complaints in terms of a positive customer relationship tool and limits the potential of learning. This demonstrates a misunderstanding of the value of complaints themselves and the potential for learning from them.

Departmental complaint handling:

The department's complaint handling improvement has stalled over the past two years. Targets can influence performance in terms of both process and culture. The culture of departmental complaint handling mirrors the culture of the wider department and this hinders effective complaint handling. It impacts on capacity to understand the positive benefits of complaints and potential learning. It also impedes engagement and organisational listening.

Our role is threefold. In addition to investigating individual complaints we seek to support effective complaint handling and provide feedback for learning to improve services for customers. To enable us to deliver effectively against all elements of our role we are keen to consolidate the more productive ways of working we have developed over the past two years, to create a better environment and infrastructure for learning from complaints both for the Adjudicator's Office and the wider department.

We have continued to build on our six case classifications, which were launched in 2017-18: Policy and process, decision making, customer focus, culture and behaviour, communication, and complaint procedures. We give feedback on individual complaints under the six categories and are developing their use in identifying thematic feedback.

In 2018-19 we introduced four tiers of learning, as the framework to the provision of evidence-based learning:

- **Individual complaints:** we provide recommendations and learning points following investigation of individual customer complaints. This includes learning in cases where the complaint is not in remit or not upheld.
- **Topical reports:** we share insight and potential learning relating to specific topics.
- **Thematic learning:** we identify themes that cut across different business areas and provide potential learning on systemic issues.
- **Real-time tracking:** monitor departmental change.

The Service Level Agreement between the Adjudicator and HMRC/VOA recognises the importance of learning from complaints escalated to the Adjudicator's Office. In the majority of complaints we provide HMRC Directors or the VOA Chief Executive with any learning identified relating to the individual customer, and how that might relate to

customers in similar circumstances. In our topical and thematic reports we identify opportunities for senior departmental leaders to consider systemic issues, drawn from the evidence we have seen.

Topical reports

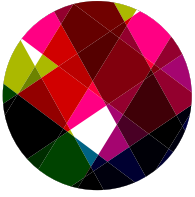
During the year we provided HMRC and the VOA with systematic feedback on specific topics, including:

- NHS Widening Access Scheme.
- Tax Free Childcare.
- Learning from VOA complaints.
- Transition from tax credits to Universal Credit.



Feedback throughout the year from complaints about tax credits to Universal Credit highlighted evidence some evidence of:

- A lack of customer focus and ownership of customer issues in HMRC's approach where the matter spanned tax credits and Universal Credit. As a result, some customers fell between HMRC and the Department for Work and Pensions (DWP). This resulted in customers being unable to resolve matters, and often incurring significant financial loss.
- A defensive culture in complaint handling where there had been a departmental error. This defensive culture was also seen where there were gaps in policies and/or processes, with complaint handlers referring to current policies and processes, rather than considering the issues from the customer's perspective and acknowledging the lack of policy. If a mistake is identified or there is a gap in policies, the department should take ownership of it, rather than focusing on how to avoid the escalation of the complaint.
- Lack of common understanding of the use of the Admin Law Manual (ADML) in relation to tax credits overpayments. HMRC is bound to consider incorrect advice given in circumstances where all of the criteria has been met in ADML 1300 – "Incorrect Advice to Customers: When incorrect advice can be binding." Complaints investigated by the Adjudicator's



Office indicated that this guidance is not routinely considered. We have previously been assured that guidance supporting the application of the ADML in relation to tax credits overpayments has been updated. However, evidence from the complaints highlighted in our feedback indicates a lack of common understanding and good practice.

- We encouraged the department to engage in learning in these areas, because of the potential to realise benefits for significant customer groups and the department more widely.

Thematic reports

Our thematic reports are based on evidence derived directly from complaints that customers bring to us, and the interactions we have with the department. Both sources of insight contribute evidence of specific issues including wider departmental culture.

We provide the department with thematic evidence of the effect their activities and processes have on customers. We make recommendations for them to consider in order to improve their customer service. These recommendations will help them meet their aspirations for customer service improvements and bring their processes closer to those recommended by expert bodies such as the Ombudsman's Association. They may also identify new areas for exploration to improve customer service.



During 2018-19 we produced three thematic reports and will publish executive summaries of all reports in due course.

Delays: Adjudicator's Office learning from complaints report April 2018.

A key recurring reason for customers approaching the Adjudicator's Office is the treatment of delays by the department. Our report focused on those complaints where delay was the headline issue.

Findings

- The majority of complaints sampled were matters that could have been dealt with simply within HMRC's processes. But delays, along with a perceived lack of empathy by HMRC, had fuelled customers to complain and to continue to escalate their complaint.
- The complaints we reviewed included those centred on delays in appeals. A significant factor was HMRC failing to identify the customer's letter within their process as an appeal, meaning that customers missed their deadline to appeal.
- Tax Credit Office (TCO) customers were often informed of an overpayment following a number of years of thinking that their affairs were in order. HMRC staff followed their process and procedures without consideration of an individual customer's circumstances.
- Departmental customers are more frustrated when they are waiting in a queue and less when they have to wait knowing their case is being worked on. It is clear that well communicated reasons for a delay which occurs during processing is better for the customer and the department.

We recommended:

Customer focus: customer service should reflect the importance customers place on having their frustrations about HMRC delay acknowledged and resolved.

Complaint processes:

- Complaints about delays in replying to complaints should be addressed as an issue to be resolved with the same rigor as dissatisfaction with process driven matters and develop a holistic view of the matters fuelling a customer's dissatisfaction.
- It is a requirement of the department's remedy guidance that when they take action to put things right, customers should be told what steps will be taken to prevent a recurrence of the complaint. But this is rarely done. Complaints are an opportunity to identify customer service improvements. Acknowledging the part the customer plays in this will confirm to the customer that bringing the matter to the department's attention was reasonable, and they can be assured their own issues have been fully addressed. Assurance on both aspects will help to reduce escalation of the individual's complaint and encourage the department to think in terms of the learning their remedy guidance already anticipates.

Communications:

ensure departmental systems allow sufficient

flexibility for all first point of contact staff to resolve a customer's dissatisfaction.

Policy and process: see complaints as an opportunity to improve customer service, rather than narrowly focusing on technical outcomes. Giving equal weight to all factors of dissatisfaction will help to resolve complaints sooner.

Escalation of complaints:

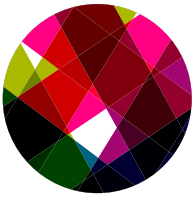
Adjudicator's Office learning from complaints report September 2018.

HMRC's complaints policy tells customers that they can have their complaint looked at twice, to give HMRC the opportunity to put things right, before referring the customer to the Adjudicator's Office. We considered evidence to establish whether HMRC's escalation of complaints, including escalation to the Adjudicator, results in timely and appropriate outcomes for customers.



Findings

- 10% of customer complaints had more than two attempts at resolution by the department and/or the department made multiple contacts with the customer. These additional contacts neither resolved the case nor formally escalated it to the next level in the complaints procedure..
- If a customer is dissatisfied with the decision on their complaint, the choice to escalate a complaint should lie with them, not the complaint handler. When customers do not have their complaint escalated as expected, frustration is added to the original complaint.
- Additional correspondence, including from MPs, was recorded as a new element instead of as part of the existing complaint. This affected the department's ability to detect and understand learning opportunities. There is also a risk that failing to escalate complaints in a timely manner when the customer requests it may mask the true escalation rate and scale of customer dissatisfaction.
- There is a tendency for the department to regard the Adjudicator as a third opportunity to review the complaint and to put things right for the customer. This undermines commitment to our independence, and to their own complaints policy to resolve complaints in two attempts.



We recommended:

- **Complaint processes:** clearly communicate to customers about the stage of the complaint process that has been reached. Reducing frustration about this will reduce follow up contact from the customer.
- **Policy and process:** ensure processes support policy. When communicating with customers, the department should be clear where the customer is within the complaints process.
- **Complaint processes:** clearly explain to customers where the department exercises judgement not to escalate a complaint.
- **Complaint process/customer focus:** ensure receipt of enquiry correspondence from an MP on behalf of a customer does not delay escalation of an existing complaint. As we said in our earlier thematic report, delays add to the original customer dissatisfaction: proper management of complaints by the department reduces this as a factor in the customer's decision to either accept resolution or escalate to the next level.

Authority to resolve complaints:

Adjudicator's Office learning from complaints report January 2019.

The department has complete authority to resolve complaints from their customers, how they do this is at their discretion. They define their authority to resolve matters of customer dissatisfaction by internal

guidance and use specialist teams to either resolve matters or signpost them to the appropriate place for resolution.

Our review considered the extent to which HMRC facilitate customer access to the complaints process or other avenues of resolution, how they manage customer expectations and make use of learning.



Findings

- Complaints are escalated to us that are outside our remit to consider. A key reason is because customers are not satisfied with departmental responses and/or have not been signposted to the correct avenue for resolution of their dispute. Customers often see the departmental processes as getting in the way of the department's responsibility to resolve their complaint. This frustration can increase the scope of the complaint and in turn the resources needed to resolve it.
- A complaint is the customer's opportunity to express their dissatisfaction. HMRC and the VOA have internal guidance that defines a complaint as:

"Any expression of dissatisfaction that is not resolved at initial contact and requires a response."

The Ombudsman Association's definition of a complaint is any expression of dissatisfaction where resolution is explicitly or implicitly expected. This sets a more comprehensive standard than that set by the department.

It is common for organisations not to treat a customer's initial dissatisfaction as a formal complaint- and HMRC/VOA escalate initial contact to their complaints process where they decide it is necessary. However, for other customers, departmental complaint guidance defines only their second expression of dissatisfaction as a complaint.

When customers contact the department a second or subsequent time, the department do not always make it clear that the customer's initial contact may not have 'counted' toward the two attempts taken to resolve a complaint.

- Departmental guidance includes exceptions to their general two attempts to resolve a complaint. For some matters, for example Extra Statutory Concession A19, a customer has to go through at least four layers of HMRC consideration before escalation of their complaint to the Adjudicator.
- We saw a theme across all business streams where final complaint responses correctly signposted complaints to us – but this can give customers the impression that we had remit to resolve all aspects of their complaint, even when we did not. This happened even where the department had previously told the customer that they had a right to appeal, or another route to redress which would exclude an issue from our remit. The issue for customers is that the department does not always separate the complaint into specific parts and identify the appropriate avenues for resolution, and appear to refer all elements of the complaint to us.
- In our 2016-17 report we highlighted the issue of challenge to our remit to investigate complaints. A defensive approach by some departmental teams

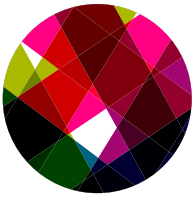


represents a barrier to building necessary levels of trust and collaboration for us to investigate complaints effectively. This impedes the resolution of customer complaints.

- HMRC and the VOA hold the opinion that if a customer expresses dissatisfaction to us, but that the complaint is not in our remit, it does not constitute a valid complaint. There is a risk that this approach distracts from the opportunity to learn from such complaints.

We recommended:

Communications: all communication between the department and a customer should clearly signpost the right escalation routes for all aspects of dissatisfaction expressed in letters of complaint. This should improve efficiency and reassure the customer that all elements of their dissatisfaction will be fully considered.



Complaint procedures:

- The department review the use of standard paragraphs to ensure responses are tailored to the individual customer's issue. This will both resolve the customer's issues at the earliest opportunity and prevent follow up correspondence and/or escalation of the complaint. If not already in place, the department put in place mechanisms to consider complaints resolved at initial contact to understand thematic issues. This will enhance the opportunity to learn from complaints and make targeted service improvements.
- The department avoid double handling of decisions about exercise of discretionary powers. In particular, requests for consideration of Extra Statutory Concession A19 and Code of Practice 26 be reintegrated into their complaints handling process.

Customer focus: promote learning from all customer complaints. The Adjudicator's Office will continue to register all complaints that come to us, in line with the Ombudsman's Association standard that a complaint is any expression of dissatisfaction. By doing so we maximise the opportunity to provide learning from complaints to inform customer service improvements.

Tracking and monitoring departmental change

During 2018-19 we encouraged the department to develop a systemic approach to learning from complaints. This would share feedback from and to the Adjudicator's Office, both as part of the SLA and, more broadly, to promote learning from complaints. It should include clear departmental ownership for sharing learning and reporting back to the Adjudicator's

Office on action taken both in relation to individual complaints and wider learning points.

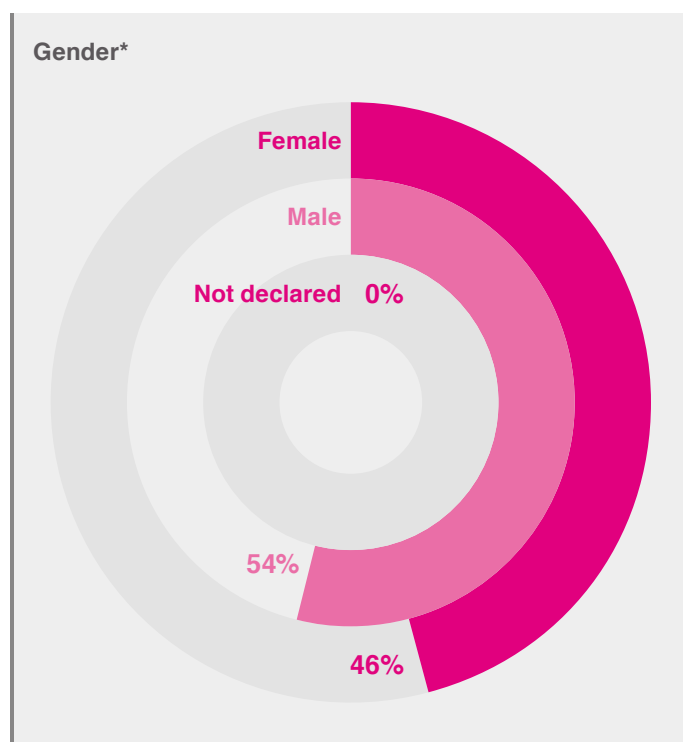
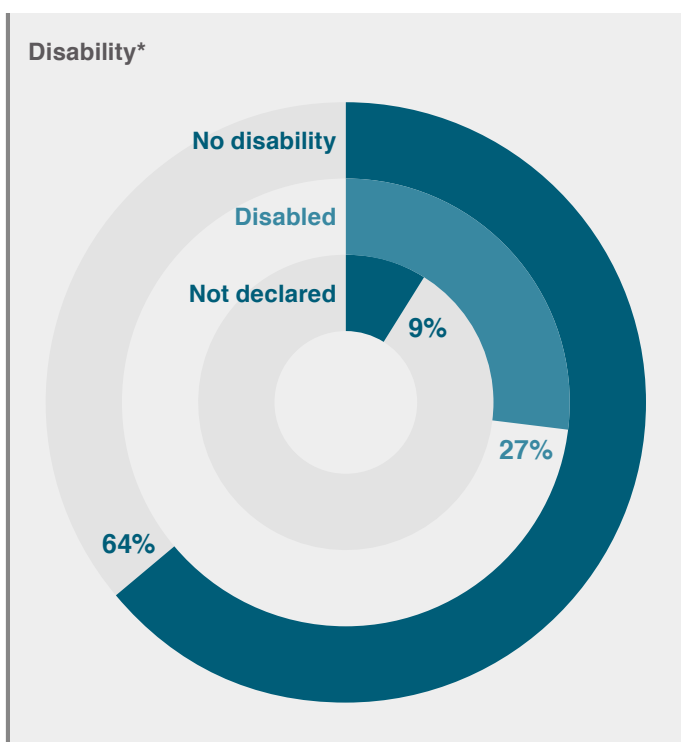
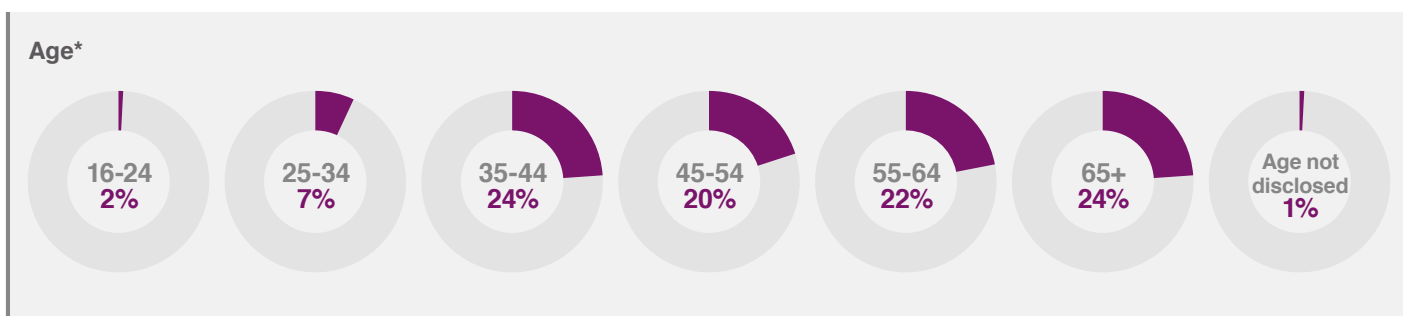
As the Adjudicator highlighted in her introduction, departmental behaviours do not yet demonstrate a learning culture or a comprehensive organisational strategy for learning from complaints. The outcome of this is that the department has not yet been able to respond to our reports and recommendations in an integrated, systemic way.



Equality monitoring survey

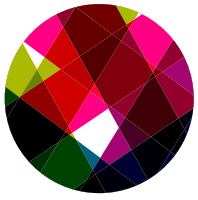


We continue to monitor our customer base following the introduction of the Equality Act in October 2010. From the responses we received we can see:



Our sample of responses is small. However, we continue to monitor the findings closely to ensure that no specific groups are disadvantaged.

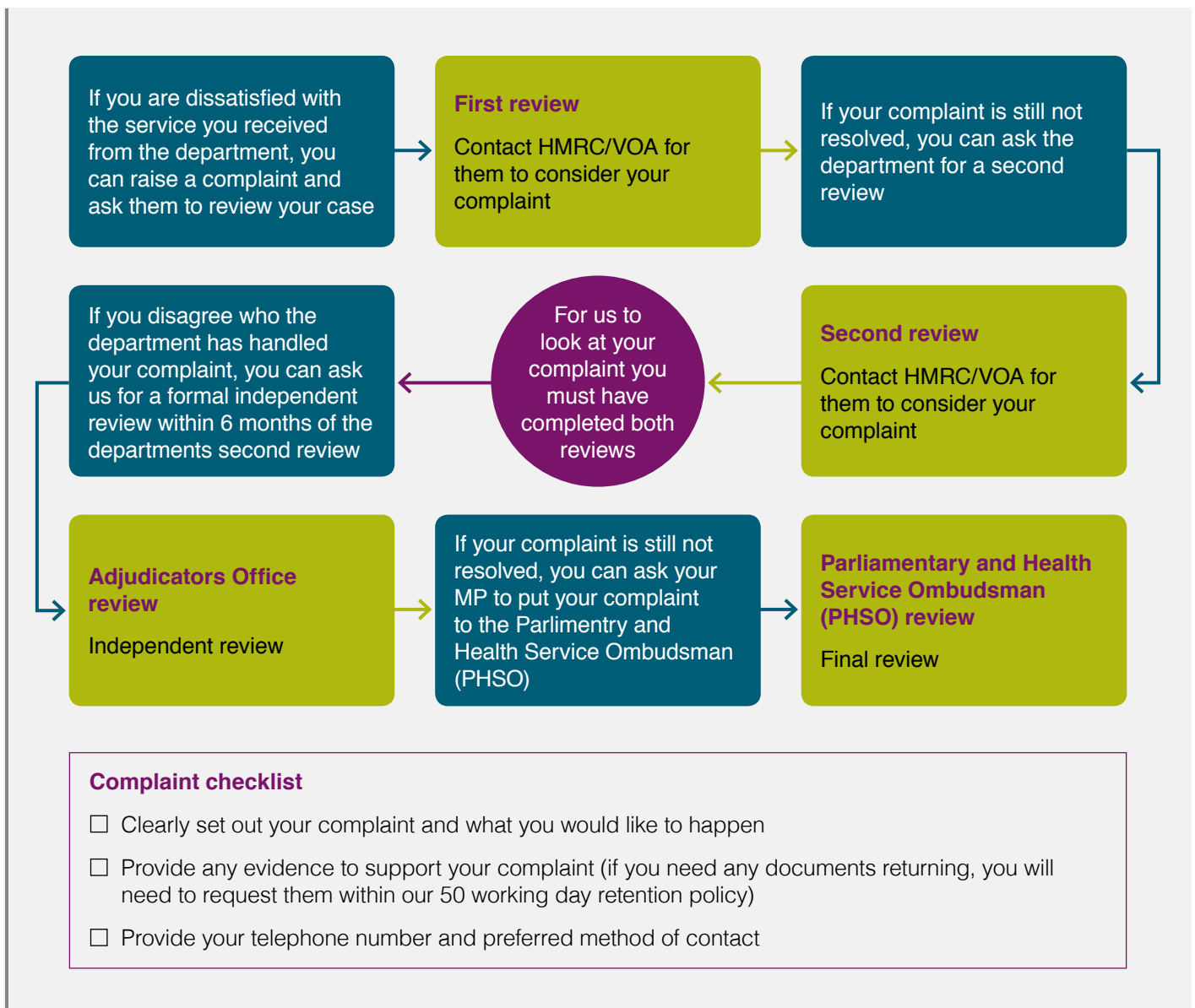
* Percentages have been rounded.



The complaints process

How to make a complaint

The Adjudicator can consider how HMRC or the VOA have handled a complaint, whether they have followed their policy and procedure and made reasonable decisions. Where the Adjudicator's Office think the department has fallen short, we will recommend what they need to do to put matters right. The Adjudicator's Office provide feedback and potential lessons learnt to HMRC or the VOA where we think this could improve customer services.



We do not usually accept cases that are received more than six months after the final response from the department.

If the complaint is something we cannot look at we will explain why we will not investigate. If customers are dissatisfied with any one stage of the complaint process, they have the right to take the complaint to the next stage.

Investigation

- We review what you sent us.
- We carry out any necessary enquires.
- We reach a decision on whether or not the department did anything wrong.

Resolution

- We will make a formal decision on your complaint.
- This will include recommendations if the Adjudicator decided the department needs to put things right.
- We will write to you and the department explaining our decision.

The Parliamentary and Health Service Ombudsman

Once we have given our decision, our part in the complaint is over. If you believe your complaint has not been resolved, you can ask an MP to put your complaint to the Ombudsman.

4,513

enquiries received in 2018-19

1,043

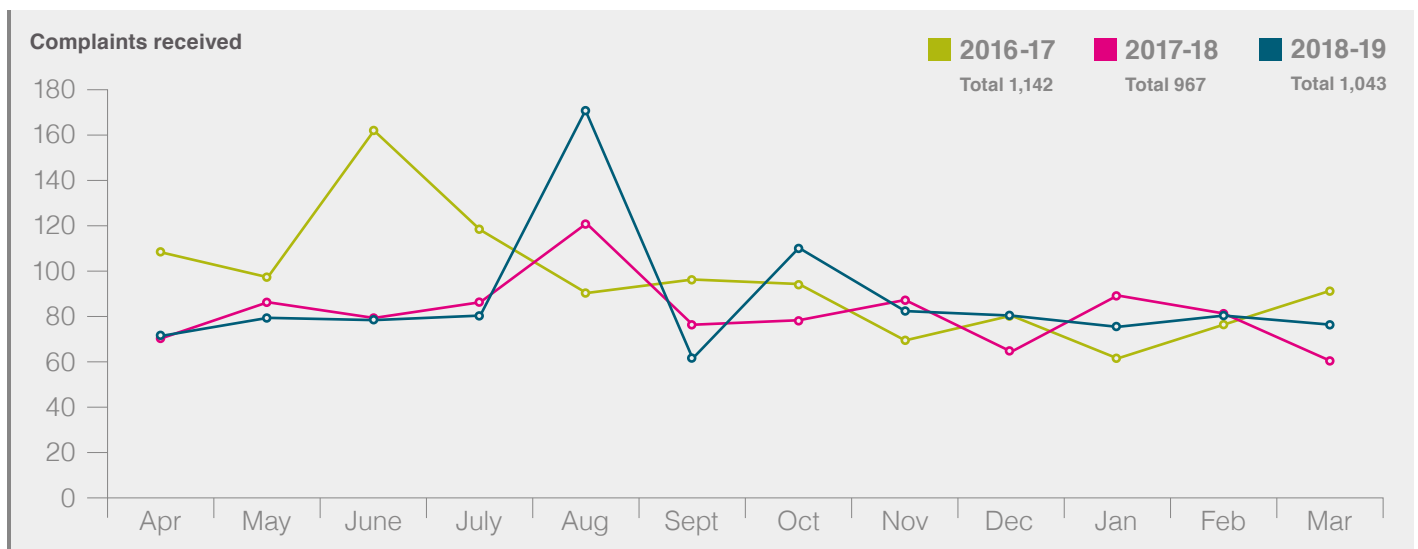
new complaints for investigation in 2018-19

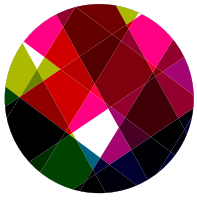
2

complaints were mediated in 2018-19

1,120

of all complaints were resolved in 2018-19





Workload 2018-19

Number of complaints handled

| | 2016-17 | 2017-18 | 2018-19 |
|--|--------------|--------------|--------------|
| Complaints awaiting investigation 1 April | 1,028 | 630 | 393 |
| New complaints for investigation | 1,142 | 967 | 1,043 |
| Complaints resolved | 1,540 | 1,204 | 1,120 |
| Complaints awaiting investigation 31 March | 630 | 393 | 316 |

New complaints on hand by department

| HM Revenue and Customs | Valuation Office Agency | Total |
|------------------------|-------------------------|------------|
| 308 | 8 | 316 |

Outcomes

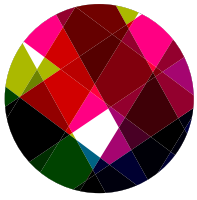
| | Not upheld | Partially upheld | Substantially upheld | Withdrawn | Reconsidered | Total |
|--------------|------------|------------------|----------------------|------------|--------------|--------------|
| HMRC | 560 | 222 | 83 | 201 | 0 | 1,066 |
| VOA | 23 | 2 | 1 | 28 | 0 | 54 |
| Total | 583 | 224 | 84 | 229 | 0 | 1,120 |

Methods of settlement

| | Reconsidered | Recommendation | Mediation | Withdrawn | Total |
|--------------|--------------|----------------|-----------|------------|--------------|
| HMRC | 0 | 863 | 2 | 201 | 1,066 |
| VOA | 0 | 26 | 0 | 28 | 54 |
| Total | 0 | 889 | 2 | 229 | 1,120 |

Redress (£)

| | Worry and distress | Poor complaint handling | Liability given up | Financial loss | Costs | Total |
|--------------|--------------------|-------------------------|--------------------|----------------|---------------|----------------|
| HMRC | 17,655 | 22,750 | 222,096 | 61 | 19,352 | 281,914 |
| VOA | 0 | 50 | 0 | 0 | 33,635 | 33,685 |
| Total | 17,655 | 22,800 | 222,096 | 61 | 52,987 | 315,599 |

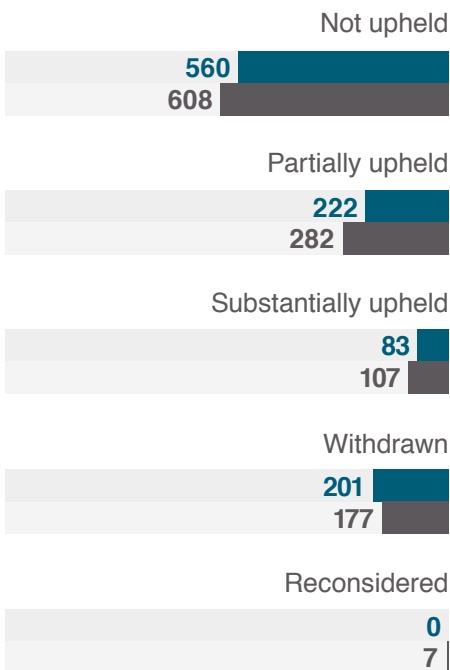


HM Revenue and Customs

HMRC make sure that money is available to fund the UK's public services and help families and individuals with targeted financial support.

When we consider the outcome and learning from individual complaints we also look to see whether there is any broader learning that might improve the service HMRC gives to other customers.

During 2018-19 we received 998* new complaints, an increase from 943 received in 2017-18. We resolved 1066, upholding 35% of complaints either partially or substantially.



2018-19 Total 1,066
2017-18 Total 1,181

Approximately 46% of HMRC customer complaints referred to the Adjudicator are from Benefits & Credits customers about tax credits.

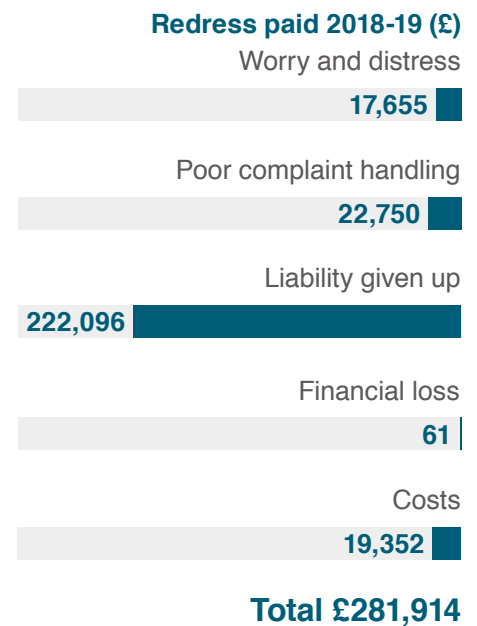
During the year the Adjudicator resolved 1,066 complaints from HMRC customers. Overall the number of complaints partially or wholly upheld decreased to 35% (from 39%), and for tax credits the upheld rate decreased to 42.8% (from 46.6%).

The Adjudicator continues to stress to HMRC that a focus on the upheld rate will not encourage a forward-looking culture of learning from complaints, which would make the customer service improvements HMRC set out to achieve in their Complaints Ambition.

The case studies highlight the variety of issues the Adjudicator reviewed in the complaints resolved, and the insight they provide as evidence of wider learning for the department.

HMRC accepted all of the Adjudicator's recommendations.

Where appropriate we will recommend HMRC pay a monetary sum to customers in recognition of the poor level of service they received, and any relevant costs. The graph below shows the sums recommended this year.



* During 2018-19 we changed our methodology to calculate this figure. We now count complaints from the date we receive them; previously we used the date we decided a complaint was in our remit to investigate.

Case study 1: Effect of gaps in policy

Issues

Mr A applied to HMRC for a Tax-Free Childcare Account. When HMRC set up the account they failed to do so for each of Mr A's children due to an IT problem occurring between HMRC and National Savings and Investments, who handle the accounts. HMRC subsequently took twelve months to resolve this issue which left Mr A financially disadvantaged.

HMRC's guidance states that a customer can request up to three months of top-up payments after an account is created. Although Mr A applied for and received three months of top-up payments, he remained out of pocket and financially disadvantaged, missing out on six months' worth of payments.

HMRC guidance on allowing three months of compensation presupposed that an account had been set up successfully.

Mr A's circumstances highlighted a lack of policy to cover issues like his, for which no-one in HMRC took ownership.

It was not until we considered the complaint that HMRC changed their guidance to prevent the same situation occurring for future customers. HMRC could have made this change much earlier.

Outcome

The complaint was upheld.

HMRC applied their guidance too rigidly, did not take into account the circumstance of Mr A's case and allowed matters to progress through the complaints procedure. We decided that HMRC's offer of redress to Mr A was not reasonable, giving the length of time it took them to rectify the problem. Neither did they recognise that under their complaints remedy guidance, they could have made a redress payment equal to the missing payments.

In their own words, HMRC recognised that this complaint was handled 'terribly'.

Learning

Key learning points for HMRC included:

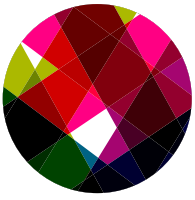
Policy and process:

Early review of clear gaps in policy will help HMRC provide a better service to customers and prevent complaints arising in similar situations.

The full extent of complaints remedy guidance is a tool HMRC can use to improve customer service and reduce customer frustration that leads to escalation of complaints.

Culture and values:

Clear and early resolution of ownership between departments will help HMRC manage customer expectations on who will resolve which aspects of complaints.



Case study 2: Misadvice on the transition from tax credits to Universal Credit

Issues

During the year Ms B changed jobs but delayed telling the Tax Credit Office (TCO). Her tax credit award was automatically ended because there was a gap of over seven days between one job ending and the other starting.

Later Ms B called the TCO to begin a new tax credit claim and was told to re-apply. She did, but the TCO rejected the claim without sufficient explanation. She contacted her MP as she was struggling without tax credits. Her MP contacted HMRC's Ministerial Correspondence Unit (MCU) who repeated the advice to re-apply for tax credits. This claim was also rejected without sufficient explanation.

Neither the TCO adviser nor MCU followed the correct guidance in response to enquiries from Ms B or her MP. Our investigation found her repeated claims were rejected because her postcode area had changed from tax credits to Universal Credit as part of the national transition to the new benefit. Because of this the TCO should have advised Ms B to claim Universal Credit.

During their handling of her complaint, HMRC did not consider the impact of their misadvice on Ms B. As a result of evidence we obtained during our investigation, HMRC have since acknowledged that their misadvice had a detrimental impact on her and increased the amount of redress they paid to Ms B to acknowledge their poor service.

Outcome

We partially upheld this complaint because the TCO did not recognise or acknowledge the impact of their misadvice on Ms B during their investigation of her complaint.

Learning

Key learning points for HMRC included:

Customer focus:

Getting the basics right in advising customers about the transition from tax credits to Universal Credit will help HMRC prevent mistakes that have a big impact on their customers. HMRC should ensure that message goes further than their frontline advisers.

HMRC must recognise that some of their customers need additional support when dealing with them, and that there is a need to be flexible in the way guidance is applied and advice is provided. Doing so would have prevented the detrimental impact seen in this specific case. All customers should have confidence in the work of HMRC, especially their part in effectively supporting customers moving from tax credit to Universal Credit.

“I am writing to thank you for taking the time to investigate our complaint, regarding the Tax Credit Office. I wanted to have our story heard, and perhaps by highlighting the failing in TCO organisation, stop others having to go through what we did.”

Customer

Case study 3: Decision on legitimate expectation

Issues

Over 10 years ago, CDE Ltd were informed by HMRC that some supplies should be zero rated for VAT.

CDE Ltd recently asked HMRC to clarify the correct VAT position. HMRC found that the VAT rules now meant CDE Ltd needed to charge VAT on the supplies and began an investigation into their VAT liability. As part of their investigation, HMRC raised tax assessments for the intervening years.

CDE Ltd raised the question of whether HMRC's earlier advice had raised a “legitimate expectation” on how to account for the supplies and challenged the assessments.

After corresponding for a year, CDE Ltd started legal proceedings to determine the correct position of any legitimate expectation. Before that began, HMRC decided they had created a legitimate expectation on how to account for the supplies, and that the company did not have to pay VAT for the years involved. CDE Ltd withdrew the legal action.

Although HMRC reimbursed professional costs to CDE Ltd, the company said that they were significantly higher due to legal costs. CDE Ltd said they had no choice but to issue proceedings because they understood they had to do so within a short time frame of their enquiries about legitimate expectation.

HMRC's position was that only their complaint team could address the issue of legitimate expectation. However, their complaint team could not consider that until the investigation was complete and the tax position determined. HMRC did not consider themselves responsible for the additional legal costs because they considered CDE Ltd had issued proceedings prematurely.

Outcome

We did not uphold the complaint.

There were alternative appeal routes for CDE Ltd to take if HMRC decided they should pay VAT for the years involved. Legal action was a last resort. It was reasonable for HMRC not to refer CDE Ltd's request for consideration of legitimate expectation to their complaints team until their investigation was complete. Their refusal to pay additional legal costs was therefore reasonable.

Learning

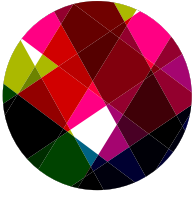
Key learning points for HMRC included:

Culture and Behaviours:

Although we did not uphold this complaint it did provide an example of behaviours that drive customer dissatisfaction and escalation of complaints.

HMRC took an adversarial and combative approach towards the customer throughout the proceedings. This approach was also replicated during the complaints process.

The company were fully compliant during the investigation and HMRC could have been more helpful with their advice regarding legitimate expectation and during the complaint process. It is possible that a more accessible and customer focussed approach would have prevented the customer from starting legal action and having to raise a complaint.



Case study 4: Customer service for vulnerable customers

Issues

Mrs F separated from her husband and made a single claim for tax credits. The Tax Credit Office (TCO) correctly ended the joint tax credit claim because of the single person's claim.

Mrs F called the TCO to ask for advice, explaining her circumstances and asking that any further payments made on the joint claim be paid only to her because of legal financial restrictions put in place as a result of the breakdown of the marriage. She specifically asked the TCO make sure no further payments were sent to her husband. The TCO assured her that no further payments would be made as the claim had ended.

The TCO's assurance wrong: although the claim had ended, it had not been finalised. When it was, over £1,000 was paid into Mr F's account by the TCO.

For Mrs F to receive the payment she would have had to have provided new bank account details. She did not have the opportunity to, because she was advised that no further payments would be made. Mrs F had asked the TCO for help and told them she did not know what to do. In reply to her complaint, the TCO said that it is not their Helpline advisors' role to prompt the customer to change their bank account details.

However, it is the role of HMRC's advisors to identify the needs of the customer and to provide appropriate help and advice.

The TCO acknowledged that they misadvised Mrs F, considered she was the victim of an unfortunate set of circumstances and that because the payment was issued correctly to the designated bank account there was nothing further they could do.

Outcome

We upheld this complaint.

We found the TCO's reasoning flawed. The TCO should have realised it was possible that a further payment would become due when the joint award was finalised. Considering the advice that Mrs F was given, that no further payments would be made, there was no reason for her to change the designated bank account details.

We recommended the TCO pay redress to Mrs F equivalent to the sum paid into Mr F's account, plus an additional sum to reflect worry and distress.

Learning

Key learning points for HMRC included:

Policy and process: In this case the customer received poor advice from HMRC that had a significant detrimental impact. In considering her complaint HMRC proceeded as if they had not made an error and took no responsibility for the impact it had on her. They took a very narrow view of the complaint and their responsibility to put things right and showed no empathy towards the customer's circumstances.

This case provides an example of policy guidance that clearly did not fit the customer's circumstances. Rather than acknowledge that, the complaint handlers tried applying process as if the error had not occurred. Encouraging flexible frameworks to consider the needs of individual customers will help HMRC avoid similar scenarios and improve the service they give to their customers.

“Thank you. While you were unable to uphold the main aspect of our complaints, nevertheless I feel that your report moves us forward sufficiently for us to achieve closure with HMRC.”

Customer

Case study 5: Putting things right for the customer

Issues

Miss G had previously claimed tax credits but had moved to Universal Credit (UC). After the birth of another child, there were two options available to Miss G for claiming benefits:

- She could continue with her UC claim and report a change of circumstances to add the new child to her claim; or
- She could cancel her UC claim and then wait for a period of six months before making a new tax credits claim (this is known as the UC reclaim period).

Miss G asked the Tax Credit Office (TCO) for advice.

The TCO did not explain these options and simply advised that she was eligible to make a new tax credit claim, without advising about the six months wait. They did not make Miss G aware that she could add her new child to her existing UC claim instead.

Miss G claimed tax credits, but the TCO refused the claim because she was already in receipt of UC. As a direct result of the TCO's earlier misadvice she then cancelled her UC but when she sent her second claim to tax credits, the TCO refused it again because the UC claim had been in place within six months of her tax credits claim.

She contacted the TCO on many occasions to try to resolve the issue. She needed advice she could have confidence in, but the TCO's advice was repeatedly contradictory, unclear, inconsistent, and unreliable. She was left without a significant part of her income until she resumed her UC claim following the TCO's decision on her complaint.

Although the TCO accepted that they gave some misadvice during their handling of Miss G's complaint, they continued to demonstrate a lack of customer focus. They considered that because she had been given the correct advice on occasion, they had no responsibility for the impact of their original misadvice, which had led to the cancellation of her UC claim.

Outcome

We upheld this complaint.

Miss G suffered financial hardship as a result of this misadvice. The TCO focussed on policy and process instead of how their actions affected Miss G and her family. They failed to identify the impact and extent of their misadvice.

Learning

Key learning points for HMRC included:

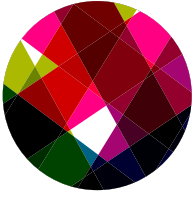
Complaints procedures:

It may not be reasonable to expect Helpline advisors to get everything right every time, but when a mistake is made the department must take full responsibility for that and understand the causal effect on a customer. Adopting a customer focussed approach to consideration of remedy and a customer's individual circumstances will improve the service HMRC provides to their customers.

Policy and process:

HMRC applied their redress policy very narrowly in this complaint. HMRC should consider the full extent to which they can provide remedy for the impact of their mistakes, in order for their customers to be in the correct financial position.

HMRC should always be aware of the full range of discretionary powers and procedures available to them. Considering all guidance will deliver well-reasoned decisions and an improved service for their customers.



Case study 6: Failing to follow guidance

Issues

Mr H attended a one-year NHS Widening Access Training Scheme (NHS WATS) course. Payment for the course was reimbursed by his employer, an NHS trust, who deducted tax and National Insurance Contributions (NIC) from the payment.

HMRC guidance on NHS WATS payments meant Mr H was due a refund of tax and NIC. His employers sent his refund claim to HMRC despite HMRC guidance to NHS trusts instructing them to make repayments through their payroll departments.

Mr H complained to HMRC to chase the refund. In HMRC's first reply they told him his trust should repay the tax and NIC for NHS WATS. In their second response they again stated that his trust was responsible for making the refund.

HMRC's guidance says that when a trust does not make the refund, HMRC should contact them to help the trust meet their responsibilities. However, our investigation found that HMRC had not contacted Mr H's trust to discuss his refund.

Outcome

We upheld this complaint.

HMRC failed to follow their guidance and showed a reluctance to focus on the needs of the customer and resolve the issue.

Learning

Key learning points for HMRC included:

Complaints process:

HMRC received a considerable volume of NHS WATS complaints. They decided not to pay redress to these customers, because it would set a precedent. This created an inflexible approach to consideration of the impact of mistakes on individual customers.

The Adjudicator gave feedback to the department about their redress decision:

"This is clearly inconsistent with HMRC's guidance on redress in your Complaints and Remedy Guidance. I am not of the view that the decision ...amounts to a properly constituted alteration to existing policy. Until any such policy is in place, we are likely to uphold complaints where redress has not been considered on this basis as inconsistent with your published policy."

This complaint provides a good example of HMRC putting their needs ahead of their customers'. This internal focus is contrary to HMRC's aspiration to be customer-

centric. When HMRC consider implementing policies that have the potential to negatively impact their customers, a holistic view of the effects of the change will help keep HMRC activities focused on the customer.

In response to our feedback on NHS WATS cases, HMRC changed their approach to redress.

“I cannot thank you more for your endeavours over such a long time, to clarify the position of the error in the overpayment from HMRC.”

Customer

Case study 7: Effect of temporary changes to established processes

Issues

An Autumn Statement Settlement Opportunity (ASSO) was opened under HMRC's discretionary powers between 5 December 2012 and 31 October 2014. It gave any customer who had used a specific tax avoidance scheme the opportunity to settle their tax liabilities without the need for costly and time consuming legal action, and potentially a reduced tax liability for the customer.

Miss J registered her interest in ASSO before the 31 October 2014 deadline. HMRC acknowledged this to her at the time, but then failed to send her calculations of the reduced amount of tax due.

In 2017, Miss J contacted HMRC to chase the ASSO tax calculations. HMRC told her that ASSO had closed and any tax assessed would be higher than it would have been under ASSO.

Outcome

The complaint was upheld.

During their review of Miss J's complaint, HMRC apologised for not issuing the tax calculations and acknowledged that this mistake had resulted in the customer being unable to reduce her tax liability. However, HMRC continued to follow the process that would have applied if ASSO had not been in place.

After HMRC had given Miss J their final complaint reply they decided to review their decision again. Miss J was not aware they had chosen to take a third review of her complaint, and she approached us to resolve the matter. It was during our investigation that HMRC decided to retrospectively apply ASSO to Miss J's tax affairs. HMRC's decision should have been taken much earlier.

Learning

Key learning points for HMRC included:

Policy and process:

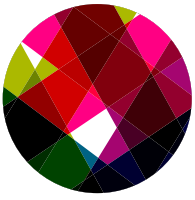
The department narrowly followed their process as if ASSO had not been in place. In other case studies we have highlighted where the department has narrowly followed processes, which would only have applied if the error had not occurred. Here, this issue was compounded by failing to consider the discretionary process HMRC

had introduced as an exception to their usual process. When short-lived exceptions to a process are introduced, and the customer meets the conditions involved, it should be a straightforward matter for HMRC to decide in the customer's favour.

Complaints process: HMRC took three attempts to reach the correct decision, rather than the two the customer should have expected under the department's published complaint process. It was good to see that during their third attempt to

resolve the matter, senior managers within HMRC identified what would put the customer into the correct position. However, the decision to escalate to senior managers should have been taken during the second attempt at the latest.

HMRC should ensure a common understanding of the issues involved with their complaints handlers so other customers can have their matters resolved within their established complaints process.



Case study 8: Customer awareness

Issues

Mr K received a tax assessment for a High Income Child Benefit Charge (HICBC). In his view HMRC had been negligent because HMRC should have told him, as an individual, about the introduction of HICBC. Because of this, he believed that some of the HICBC should be given up under HMRC's Extra Statutory Concession A19 (ESC A19).

During our investigation we wrote to Mr K to inform him that HMRC's decision to raise assessments, the amount of tax calculated, and any penalties being charged all carry the right of appeal. As a result ESC A19 could not apply and we could not consider those decisions or comment on them, as they were out of our remit.

Our investigation focused on whether HMRC had correctly followed their guidance and processes appropriately when dealing with Mr K.

Outcome

The complaint was not upheld.

We considered that HMRC had correctly followed their guidance, including appropriate consideration of ESC A19.

We were satisfied that HMRC had made substantial efforts to inform as many people as possible about the introduction of HICBC. We considered it reasonable that they did not send a letter to Mr K detailing the change - as he was not liable for the charge at the time HICBC was being introduced.

Learning

Key learning points for HMRC included:

Customer focus:

HMRC are reviewing the communications provided on HICBC with an aim to further increase the public's awareness of the charge, especially for those who may become liable for the charge in the future. HMRC should reflect on the benefits of increasing awareness for HICBC customers, and use the lessons learned there in other areas of HMRC activity. Increasing customer awareness of their rights and responsibilities will improve customer service and help customers get their tax affairs right first time.

Stakeholder feedback



Jim Harra
Tax Assurance Commissioner and
Second Permanent Secretary,
HMRC

We continue to receive valuable feedback and insight from Helen Megarry and her team at the Adjudicator's Office, which supports HMRC's commitment to improve customer experience across all aspects of our service.

We are committed to learning from the feedback provided by the Adjudicator and other sources of customer insight to ensure we make the improvements that our customers need. The case studies included in this report demonstrate that we review our processes and guidance based on the Adjudicator's recommendations to deliver tangible improvements for our customers.

The number of complaints received by HMRC in 2019 reduced compared with the previous year and the proportion of complaints upheld by Adjudicator also reduced. But we are not complacent and we note that the number of complaints referred to the

Adjudicator increased. We recognise that there is always more we can do and we are committed to continuing our close working with Helen and her team.

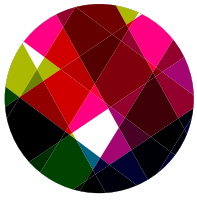
The Adjudicator has introduced new ways of working this year which has strengthened the independent nature of her role. HMRC values the independent scrutiny provided by the Adjudicator and we continue to advise and support our staff to understand the role of the Adjudicator. This year HMRC is also setting up a complaints board to embed further HMRC's learning from the Adjudicator's work.

HMRC agreed with the Adjudicator and Treasury Select Committee that a secure digital channel is needed for members of the public to contact the Adjudicator's Office. We were pleased to announce in April this year that this change is being taken forward and our aim is to deliver the digital channel by autumn 2019.



Melissa Tatton
Chief Executive,
Valuation Office Agency

The Adjudicator's Office continues to provide insight that enables the Agency to reflect on our service to customers, and to learn and improve from cases that may not have been handled as well as we'd expect. We are grateful for their input and communication about what could have been done better. While only three VOA cases were upheld last year, we value the feedback on all cases that the Adjudicator's Office receive, allowing us to continually reflect on how we operate and handle customer concerns.

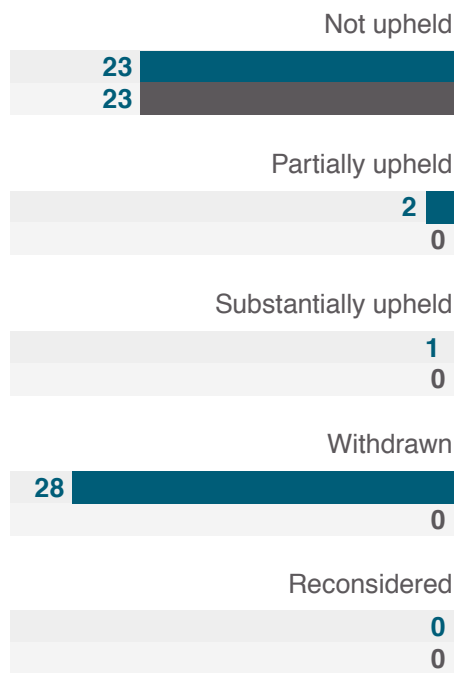


Valuation Office Agency

The Valuation Office Agency (VOA) is an executive agency of HMRC. The VOA provides the Government with the valuations and property advice required to support taxation and benefits.

During 2018-19 we received 45 new complaints. We resolved 54 cases in total, upholding three.

Outcomes



2018-19 Total 54
2017-18 Total 23

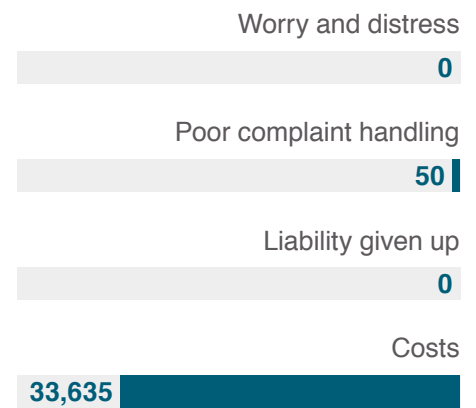
As we said in our last report, part of the transformation of our service meant we made changes in how we handled VOA complaints from mid-year 2017-18. As expected, the impact of those changes are seen in the resolution figures for 2018-19.

The Adjudicator is unable to consider complaints about valuation judgements as these are outside of her remit. A large proportion were issues connected to business rates. Many of these were about the operation of the business rates system which, again, falls outside of the Adjudicator's remit.

The VOA accepted all of the Adjudicator's recommendations.

On occasion, the Adjudicator may recommend that the VOA pay a monetary sum to customers in recognition of the poor level of service they received, and other relevant costs. The graph shows the sums recommended this year.

Redress paid 2018-19 (£)



2018-19 Total £33,685

“I am so appreciative and cannot find words to truly thank you and your office for all the help you have given me.”

Customer

Case study 9: Using a flexible approach to remedy

Issues

Company L asked VOA to change the Council Tax banding of one of their let properties and engaged agents to pursue the matter.

Eventually, VOA's complaints team confirmed the original banding of the property was wrong due to a mistake they made. Company L asked VOA to pay for the costs of engaging agents to go get it amended. VOA refused, relying on part of their Code of Practice on Complaints that says VOA will not pay the normal costs of a customer dealing with them and that the company did not have to engage agents.

No customer should expect a mistake by VOA to be a 'normal' part of their service. In addition, other parts of their complaint remedy guidance give VOA the option to reimburse professional costs.

Outcome

We upheld this complaint.

The VOA's decision was inconsistent with their own remedy guidance. We recommended all of Company L's agent costs be reimbursed by the VOA.

Learning

Key learning points for VOA included:

Decision making:

VOA put too much emphasis on the company's choice to engage an agent. In the circumstances of this complaint, VOA should have considered their internal guidance and their public Charter:

“You can appoint someone else to deal with us on your behalf, such as an agent or a relative, and we'll respect this wish. We'll deal with them courteously and effectively.”

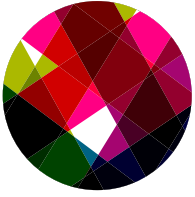
VOA's view of redress did not meet the Parliamentary and Health Service Ombudsman's principles of remedy, which include considering compensation for any extra costs incurred as a direct result of an error or mistake.

VOA need to consider whether the way they apply their guidance in a complaint acts as a deterrent to a customer's right to employ an agent.

Complaint procedures:

VOA were not consistent in explaining their reasons for not reimbursing costs to the company. During our investigation, VOA gave different reasons why they had decided not to pay the costs. This included the claim that reimbursing the costs in this case would create a precedent.

Reliance on the argument of precedent demonstrates unwillingness to exercise the flexibility that their guidance allows. Rigid application of precedent risks turning guidance into a process driven checkbox exercise, which will not help to improve services for customers.



Case study 10: Learning from a complaint that is not in the Adjudicator's remit to resolve

Issues

Mrs M complained to VOA about the Council Tax Band her property was in. She asked VOA for a review and they agreed to reduce it. She received a refund for overpaid Council Tax, but was not satisfied that this covered all her financial loss. Mrs M complained to VOA about the losses, and then escalated the matter to us.

Outcome

The Valuation Tribunal for England was the correct place for Mrs M to challenge VOA's valuation decisions and present evidence for financial loss. We classified the matters involved as out of our remit for us to consider and closed our investigation.

Learning

Key learning points for VOA included:

Customer focus: VOA's complaints team correctly explained to Mrs M that VOA do not normally look into valuation matters such as Council Tax banding decisions. The complaints procedure is for complaints about the standard of their service and is not an opportunity to appeal against the banding outcome. Appeals about banding, including associated awards of financial loss, can be considered by a tribunal.

However, at all stages of their complaint handling VOA went into detail to explain how valuation decisions were made and gave their conclusions that VOA did not

make a mistake with the original decision on the property's band. On the face of it this is good customer service, but where a customer cannot get the resolution they require because they are encouraged to follow a route that cannot lead to resolution, it can be poor customer service.

Communication between VOA and a customer should clearly identify the relevant escalation routes for all aspects of the customer's complaint. It will reassure the customer that all elements of their dissatisfaction are being fully considered in the right place. This should also help to reduce complaints coming to the Adjudicator's Office where we do not have the remit to resolve the matters involved.

The role of the Adjudicator



The Adjudicator provides a free, impartial and independent service and investigates all complaints within her remit.

The role of the Adjudicator was created in 1993 to introduce an independent tier of complaint handling for HM Revenue and Customs (HMRC), the Valuation Office Agency (VOA).

It is important for the department's customers that HMRC and VOA improve quality in their own complaint handling. Using complaints made to them as an opportunity to learn and make service improvements will benefit both the department and their customers. We will continue to provide the department with our expert advice and feedback on the more sensitive and complex complaints, and suggest potential changes that would lead to customer service improvements.

The department can resolve complaints by using their discretion appropriately, but also by clearly articulating their rationale for decisions (with reference to the relevant legislation, policy or guidance), so customers can verify the facts and better understand the process.

Over the past year, we have worked with HMRC and VOA to update the Service Level Agreement with the Adjudicator's Office. The new agreement applied to all new complaints received by the Adjudicator's Office (AO) from 1st June 2018.

The core purpose of the Adjudicator and AO is to:

- Resolve complaints by providing an accessible and flexible service and make fair and impartial decisions.
- Support and encourage effective resolution throughout the complaints handling process.
- Use insight and expertise to support HMRC to learn from complaints and improve services to customers.

The Adjudicator can look at complaints about:

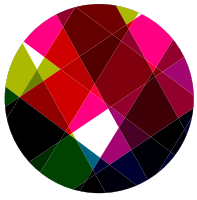
- mistakes
- unreasonable delays
- poor or misleading advice
- processes – including those surrounding an individual Alternative Dispute Resolution
- whether a policy has been followed
- inappropriate staff behaviour
- the use of discretion.

The Service Level Agreement underpins the role of our office in providing an impartial, proportionate, consideration of complaints without allowing either the customer or the department to exercise undue influence over our investigations or the decisions we make.

However, there are limitations to what we can look at. These include:

- matters of government or departmental policy
- matters arising from a commercial or employment contract between a complainant and the department
- complaints where the customer is entitled to pursue their dispute with another body with the authority to consider the matter
- any matter which during a criminal investigation, or any court or tribunal proceedings resulting from the investigation, could have been considered during those proceedings or subsequently, by an appeal to a higher court or tribunal
- disputes about property valuation decisions made by the Valuation Office Agency
- misconduct where the remit to investigate the complaint falls or could fall to be investigated by the Independent Police Complaints Commission (IPCC).

During 2018-19, the Adjudicator was supported by staff in two locations: London and Nottingham. In future we will maintain locations in London and Nottingham. The majority of our staff are specialist investigators.



Customer feedback

Feedback about the Adjudicator's Office

We always welcome feedback from customers as it helps us to review our service and seek improvement. In addition to compliments, we also consider:

Complaints about our service

During 2018-19 we received 17 complaints about the level of service we provide, and we continue to review our processes in order to improve the service we provide.

The results of our transformation efforts so far have put the office in one of the best positions in our history. We are confident that our customers will continue to see the benefits from this, including the continuing improvement in the time it takes us to resolve a complaint, which we saw reduce again in 2018-19.

However, the fact remains that the Adjudicator's Office carries out detailed investigations. These usually require contact with the customer and the department, as well as independent research. Our investigations can take time to conclude. Because each case is different and needs to be investigated on its own merits, we cannot predict how long each investigation will take.

The 'Complaints about our service' leaflet, which is available on our website, tells our customers how to raise their concerns.

Queries about the Adjudicator's recommendation

The Adjudicator does not reconsider cases because the customer does not agree with her decision.

However, in some cases the Adjudicator can decide to provide a further response when it appears the customer may not have fully understood her recommendation.

In all cases, it is for the customer to decide their next course of action, including an approach to the approach to the Parliamentary and Health Service Ombudsman.

Parliamentary and Health Service Ombudsman (PHSO)

During 2018-19, the PHSO investigated 30 complaints about our service. No cases were upheld.

Adjudicator's Office digital presence

In 2018-19 our website www.adjudicatorsoffice.co.uk was visited 143,213 times averaging over 11,934 visits per month.

How we are organised

2019



Helen Megarry
The Adjudicator



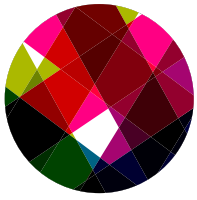
Jane Brothwood
Head of Office



Clare Kirby
Investigations Manager



Sarah Doherty
Transformation Manager



Finance 2018-19



The Adjudicator is an independent appointment agreed by the departments for which she adjudicates.

HMRC customers form the largest group of users of the Adjudicator's services.

The Service Level Agreement between HMRC and the Adjudicator ensures staff, accommodation, equipment and materials are supplied to enable her to provide an independent review of unresolved complaints.

The Adjudicator is an independent appointment agreed by the organisations for which she adjudicates. The Adjudicator's salary is set by reference to the Ministry of Justice Salary Group 6.2.

| Budget | Actual | Underspend |
|------------|------------|------------|
| £2,669,007 | £2,467,245 | £201,762 |



Business Plan progress



In our Business Plan for 2018-2020 we highlighted some of the ways we would realise our Vision up to 2021. The examples below illustrate some of the activities in these areas.

Digital communication, including email

In our Business Plan we said we would seek out opportunities for our customers in how to contact us.

As part of a package of wider digital transformation proposals, we looked at ways in which we can open up digital channels of communication and bid for the necessary funding from HMRC.

HMRC have not yet been able to approve the funding required to enable us to provide email as a channel of contact for our customers. We will continue to explore this as an option and make representation to HMRC for funds to bring us up to the level they offer their customers.

Adjudicator's authority to resolve complaints

The Service Level Agreement between HMRC, the VOA and the Adjudicator's Office confirms that the Adjudicator's authority to resolve complaints comes from her appointment.

In our Business Plan we explained the work we have been doing to develop the expertise and personal authority of our people.

Our complaint investigators are fully trained in their role, including the quality standards needed to produce effective resolutions. The Adjudicator has decided that her authority to resolve complaints can be delegated to a number of our investigators. This means that, in these complaints, the final decision will be signed by the investigator.

We place great importance on building the capabilities of our people to ensure they have the skills needed to carry out their roles effectively. We will continue to develop all of our people with the intention that the Adjudicator can delegate her authority to all investigators, and our customers can continue to have confidence in the quality of our decisions.

Ways of working

We have reviewed our independent complaints process to improve services for complainant customers and to ensure our independence. We consulted with HMRC and VOA, who have begun to implement the changes required in their processes that will ensure the independence of our investigations.

Independent working allows our investigators to take greater ownership of customer complaints and strengthens our impartiality and our decisions.

Under our traditional process we received complaints by letter and requested a report from the department. This meant the first opportunity to define the complaint was given to the department rather than being defined independently by the Adjudicator's Office investigator.

Under our independent approach we clarify the complaint with the customer, often by telephone. We may ask enquiries of the department in complaints where we cannot access their records directly or we are unable to determine what has happened from the information available to us.

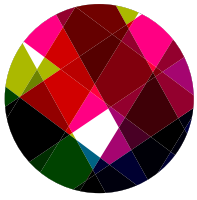
This may be a specific request such as a telephone call recording, or we may need a more detailed reply such as a sequence of events.

We do not negotiate redress with the department, instead we take an independent decision on the appropriate amount.

Independent working has also enhanced our learning from complaints. We are able to identify learning points, common themes and reputational risk and share these with the department, enabling greater learning from complaints.

What has not changed is our provision of an independent investigation into complaints, and application of our quality standards to our investigation.

The result of these changes enables our complaint investigation, including work with the department, to be more agile and flexible – improving the service we provide for complainant customers and ensuring independence of our decisions.



How to contact us

Post:

The Adjudicator's Office
PO Box 10280
Nottingham
NG2 9PF

Telephone:

0300 057 1111

Monday to Friday between
9am and 5pm (except Bank Holidays).
Typetalk facilities are available.

Fax:

0300 059 4513

Website:

www.adjudicatorsoffice.gov.uk

Please note that we are only able to help with complaints about HM Revenue and Customs and the Valuation Office Agency

Appendix

Meeting the Ombudsman Association service standards

Introduction

The full scope of the Ombudsman's Association service standards can be found on their [website](#).

Use of the association's standards is voluntary, and we choose to measure ourselves against the good practice criteria in them. This gives us the opportunity to reflect on our successes, and consider where we need to make improvements to our performance and the quality of the service we provide for our customers.

Ombudsman Association Service standards framework

Accessibility

- Members' services should be free to complainants.
- Members should ensure that their procedures are customer focused.
- Members should work with complainants to understand their needs, in order for complainants to access their service easily.
- Members should make reasonable efforts to support access to their services for any user, in using working with representatives and others to support complainants through their service and publish their procedures for doing this.
- Members should listen to what complainants want from them and ensure they understand their complaint. If a complainant is complaining about an organisation or issue that the member cannot consider complaints about, where possible they should direct the complainant to the relevant Association member, or another organisation who may be able to help.

Meeting the standard

- Our service is free.
- We've used feedback from customers to clarify our ways of working, both in our letters to customers and on our website.
- Our ways of working include telephoning the customer to help define their complaint.
- Our new thematic learning approach is customer focused not process focused. This approach ensures learning and improvement recommendations to the department to make customer service improvements.
- We have made all reasonable approaches to the department to obtain funding and implementation of digital avenues for contact – including secure email. The Adjudicator continues to raise the lack of progress by the department as a blocker to access to our service.
- In keeping with our legal responsibilities, we will make reasonable adjustments for customers, including use of departmental services and resources when required.
- Where individual circumstances clearly make it reasonable, we will change usual process to meet customer needs.
- We have trialled and implemented procedures that enable us to take complaints by telephone. However, we require call recording facilities in order to fully implement this approach and have raised the lack of progress with the department.
- Our initial letters to customers clearly explain those aspects of the complaint we will investigate and give a clear explanation when we cannot.
- Signposting/redirection – where the matter is closely related to our relationship with the department, we clearly explain to customers where to go to seek resolution of their complaint if it is not within our remit. However, we do not go beyond this when a customer's complaint is not connected to the work of HMRC or the VOA.

Communication

- Members should treat service users courteously, respectfully and with dignity.
- Members should communicate with complainants through complainants' own chosen method where possible.
- Members should explain their role to service users.
- Members should let complainants know what they can and cannot do, and, if they are unable to help them explain why.
- Members should clearly explain to service users their process for handling complaints about organisations and likely timescales.
- Members should keep service users regularly informed of the progression of their case, and how long things are likely to take.
- Members should tell service users who they can contact if they have any questions at different stages in the handling of the case, and how they can do so.
- Members should be accurate in their communications with service users using plain and clear language.

Meeting the standard

- As civil servants, we are required to meet the Civil Service Code's core values of integrity, honesty, objectivity and impartiality.
- See 'Accessibility' for the range of considerations involved in communicating with customers – including secure email and reasonable adjustments.
- We have updated our customer facing guidance to make our process clearer for handling complaints.
- We publicise our corporate performance objectives and keep services users informed of the progression of their complaint.
- We provide the investigator's contact details if the customer requires any further information.
- Where all or part of a complaint is not in our remit to investigate, we explain the reasons why.
- Our Quality Standards set out the requirements for communications with our customers, including the need for clarity and accuracy.

Professionalism

- Members should ensure that the staff who consider complaints have the relevant knowledge, training and skills to take decisions, or have access to suitable professional advice.
- Members should deal with complaints in a timely manner, taking into account the complexity of the case.
- Members should ensure that remedies are appropriate and take account of the impact any identified faults have had on the complainant.
- Members should use the outcomes of complaints to promote wider learning and improvement of the service and the sector complained about.
- Members should ensure their record keeping is accurate and that they hold data securely.
- Members should ensure that if and when sharing of information is necessary, it is done appropriately.
- Members should follow their published processes when dealing with complaints about their own service, and they should acknowledge and apologise for any mistakes they make.
- Members should actively seek feedback about their service and use it to improve.

Meeting the standard

- Our induction training policies develop our people to the standards expected to be able to do the job required and beyond.
- We provide details of our corporate performance objectives: improving year on year.
- We apply PHSO and industry good practice to determine appropriate remedy.
- Our purpose and vision includes learning from complaints and using insight from the complaints we investigate to improve services for customers. We are developing a systematic approach to learning from complaints, to develop our skills and improve services both for customers, and for the wider department. Our new thematic learning approach is customer outcome focused not process focused, and we are working with the department on new processes to create feedback circles. This will allow us to monitor departmental changes they have made as a result of our discussions.
- We publish our Business Plan, and report on our progress in our Annual Report.
- We hold and share our information securely in accordance with GDPR; this has been confirmed with two independent audits of our data security.
- Customers use the GDPR process to challenge the data we hold and the accuracy of that data.
- We publish the process regarding complaints about our own service. We always acknowledge and apologise if things have gone wrong and we have not provided our expected level of customer service. We also clarify when the complaint about us should be resolved by the PHSO. We use each complaint as an opportunity to improve our processes.
- An online survey is available for customers to comment on our service plus they can write to us with feedback at any stage of the handling process.

Fairness

- Members should work with service users without discrimination or prejudice.
- Members should make decisions on cases based on their independent and impartial evaluation of the relevant evidence.
- The reasons for decisions should be documented and explained to relevant parties.
- Members should publish information concerning any opportunities that may exist for service users to challenge their decisions.
- Members should make clear to service users their approach to unacceptable behaviour.

Meeting the standard

- Our Service Level Agreement sets out the relationship between the Adjudicator and the department. This ensures the investigations we carry out are impartial.
- As well as the Civil Service Code, our own values: Dynamic, Respect, Integrity and Professionalism are at the heart of what we do and how we do it.
- Our service leaflet and our website set out what customers should expect from us.
- Our Quality Standards include what our values and behaviours mean for investigators to ensure they meet the standards.
- Our decisions are evidence based and we provide detailed reasons for our decisions. Colleagues are required to record full audit trails of decisions made.
- Customers can complete an online survey about the service we provide and/or to comment at any stage of the complaint handling process, including via our complaints process.
- Our website also holds our unacceptable behaviour policy. If necessary, we will send a copy of this to customers whose actions we consider require/may require implementation of the policy.

Transparency

- Members should publish information about the most senior staff in charge of decisions on complaints within their organisation, including the rules under which members operate.
- Members should have procedures in place to deal with any conflicts of interest around the handling of complaints.
- Members should be transparent about their investigation with the relevant service users.
- Members should publish the learning that can be drawn from the complaints they handle in order to drive service improvement across the sector.
- Members should provide service users with information explaining the approach they take to handling complaints about their own service.
- Members should explain to complainants the procedures in place about what action can be taken if remedies are not implemented by the organisation complained about.

Meeting the standard

- We publish our Adjudicator's Office Annual Report and Business Plans on our website, which cover the role of the Adjudicator including remit. The report gives details of how we are organised and our senior management team.
- We follow HMRC's policies on conflict of interest.
- We publish information about our complaint procedures, online. See 'Accessibility', 'Communication', 'Professionalism' and 'Fairness' for more details of our approach to transparency.
- Our Annual Report publishes our processes for learning from complaints. We produce thematic reports for the department with recommendations for customer service improvements.
- The Service Level Agreement between us and the department sets out the actions that would take place if the Department does not accept our recommendations in a customer's complaint. To date the department has accepted all the recommendations the Adjudicator's Office makes on individual cases.



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