



HM Revenue
& Customs

What happens if we've paid you too much tax credit?

CODE OF PRACTICE
COP26

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We have a range of services for people with disabilities, including guidance in Braille, audio and large print. For details please ask at your local HMRC office or Enquiry Centre.

This leaflet explains why overpayments happen, and how to pay them back. It also tells you when you don't have to pay them back and how to dispute an overpayment.

i **Helpline Phone**
0845 300 3900
Textphone
0845 300 3909
Open from 8.00am
to 8.00pm seven
days a week.

**How we work out
the amount of your
tax credits**

**How an overpayment
happens**

Introduction

An overpayment means we've paid you more money than you're entitled to.

Please phone the Tax Credits Helpline if you:

- aren't sure whether we are right when we say you've been overpaid
- have a query about your tax credit claim or whether you can claim
- don't know what to do about any letter, or award notice we've sent you.

Tax credits depend on your income and your family circumstances. When your income or family circumstances change then your entitlement or the amount we pay you may change.

We pay you tax credits for a year - from 6 April to 5 April. Initially we work out how much to pay you from what you tell us about your previous year's income and your family's circumstances now.

After 5 April each year, we send you a renewal pack which asks you to:

- check the information we hold about you
- tell us how much income you had in the year.

You should try to complete and return your renewal form as quickly as possible. We'll then work out the actual amount due to you for the year that has just ended and also the amount for the year that started on 6 April.

An overpayment happens if:

- you don't give us the right information either when you claim or when you renew your claim at the end of the year
- you're late telling us about a change in your circumstances
- your income is £25,000 more than it was in the previous year

Changes in your circumstances or income

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- you give us wrong information when you tell us about a change in your circumstances or income
- we make a mistake when we record the information you give us
- we don't act on information you give us.

You should keep us up-to-date with any changes in your income and your family circumstances. The law says that you must tell us about certain changes **within one month** of them happening.

You should use the checklist that we sent with your award notice to check what changes you need to tell us about, a copy of the checklist is included with this leaflet, and if you're still not sure please phone our Helpline.

After you tell us about a change we'll work out the new amount of tax credit payments you're due and send you a new award notice.

Our responsibilities and yours

To help get your award right and avoid an overpayment it's important that we meet our responsibilities and you meet yours.

Our responsibilities are:

- **When you contact us for information we should** give you the correct advice based on the information you give us. We'll offer you support, for example, if you want us to explain your award notice to you, we'll talk you through it in detail.
- **When you make or renew your claim we should** accurately record and use the information you give us to work out your tax credits and pay you the correct amount.
- **When we send you an award notice we should** include information you've given us about your family and your income. If you tell us that there is a mistake or something missing on your award notice, we'll put it right and send you a corrected award notice.
- **When you contact us to tell us about a change of circumstance we should** accurately record what you've told us and send you a new award notice within 30 days. The 30 days doesn't start until we get all of the information we need from you to make the change. It is therefore important that you give us all of the information when you tell us about a change.

Your responsibilities:

- **When you make or renew your claim you should** give us accurate, complete and up-to-date information.
- **You should tell us about any change of circumstance throughout the year** so we have accurate and up-to-date information. The law says you must tell us about certain changes **within one month** of them happening - you should use the checklist we sent with your award notice to check what the changes are, a copy of the checklist is included with this leaflet. To reduce the chance of getting an overpayment, we recommend that you tell us about any changes in income as soon as possible.
- **Each time you get an award notice you should** use the checklist we sent with it, a copy of the checklist is included with this leaflet. You should check all the items listed and tell us if anything is wrong, missing or incomplete. You must tell us about some changes **within one month** of them happening - these are listed on the back of the checklist. The main details we expect you to check are:
 - whether the award is for you as an individual or as part of a couple
 - the hours you work
 - whether you get Income Support or income-based Jobseeker's Allowance or Pension Credit
 - whether you, or anyone in your household, has a disability element
 - the number and age of any children in your household
 - childcare costs
 - your total household income for the period shown on the award notice.

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We'll send you a corrected award notice when you tell us if anything is wrong, missing or incomplete. **If you don't get an award notice within one month of telling us about a change in circumstance please phone our Helpline as soon as possible.**

- **After you get any award notice you should** check that the payments you get from us every week or every four weeks match the amount we said you should get on the award notice. We expect you to tell us if you got any payments that didn't match what was shown on the award notices during the period an overpayment arose.
- **If you spot a mistake on your award notice you should** tell us **within one month** of getting your award notice. Please make a note of when you got your award notice and when you told us about the mistake. We may ask you for this information to show that you acted **within one month**.

If you don't understand any award notice please phone our Helpline.

If we fail to meet our responsibilities

If we fail to meet our responsibilities, but you meet **all** of yours, we won't ask you to pay back all of an overpayment caused by our failure.

However - you must tell us about any mistakes on your award notice within one month of getting your award notice. If you do, then you won't be responsible for an overpayment caused by our mistake. If you tell us about a mistake **more than one month** after getting your award notice we may ask you to pay back an overpayment until the time you contact us.

Example 1

On 1 September you tell us about a change in your circumstances but we don't change your award until 16 October. We won't collect back any overpayment that arises **after** 30 September.

Example 2

On 12 August you tell us about a change in your income. We send you a new award notice which you get on 19 August, but we haven't correctly recorded the information you gave us. If you spot and tell us about the mistake by 18 September (30 days from 19 August) we won't collect any overpayment caused by our mistake.

Example 3

On 12 August you tell us about a change in your income. We send you a new award notice which you get on 19 August but we haven't correctly recorded the information you gave us. If you spot this and don't tell us about the mistake until 27 September (38 days from 19 August) you may be responsible for the overpayment up until the date you contacted us.

Whenever you tell us about a mistake we won't collect an overpayment that may build up if we fail to correct our mistake from this time.

If you fail to meet your responsibilities

If you fail to meet your responsibilities, but we meet **all** of ours, we'll normally ask you to pay back all of an overpayment. For example if you tell us about a mistake on your award notice **more than one month** after getting it, then you may have to pay back an overpayment which has built up until the time you contact us.

If we both fail to meet our responsibilities

If we both fail to meet one or more of our responsibilities, we'll look at the circumstances of your case and may write off parts of an overpayment.

If it takes you some time to tell us we didn't meet our responsibilities

We ask you to tell us about any mistakes we've made **within one month** of you getting your award notice. If you don't tell us **within one month**, we'll ask you to pay back an overpayment up to the date you told us. **We won't ask you to pay back an overpayment, which is caused by our mistake, after the date you told us.**

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However, we understand that exceptional circumstances may mean that it wasn't possible for you to meet your responsibilities on time. For example, you or a close family member may have been seriously ill when you got your award notice and you couldn't tell us about our mistake **within one month** of getting your award notice. Please phone our Helpline, if you think this applies to you, or if you're not sure whether we've made a mistake.

If you don't understand why there is an overpayment

If you don't understand why there is an overpayment, please phone our Helpline. We can give you an explanation over the phone or in writing.

Challenging the recovery of an overpayment

There are two main ways of challenging an overpayment. You can dispute the recovery of an overpayment, or you can appeal if you don't think the level of your award was correct.

How to dispute an overpayment

If you don't agree that we should ask you to pay back an overpayment you can ask us to look at this again. We call this **disputing** an overpayment. To do this, we recommend you fill in form *Tax credits overpayments* (TC846), available from our Helpline. You may write to us instead, but you'll need to give us all your details, and tell us why you think you shouldn't have to pay back an overpayment.

When we get your dispute we'll write to you telling you that we've stopped collecting an overpayment while we consider whether you must pay it back.

How we decide whether you should pay back some or all of an overpayment

If you dispute an overpayment, we'll check whether you met your responsibilities and we met ours.

We'll check:

- that we accurately recorded and acted on any information you gave us **within one month** of you telling us about a change of circumstance
- that we accurately calculated and paid you your correct entitlement
- that the information we included on your award notice was accurate at the date of the notice
- what you told us if you contacted us, and whether the advice we gave you based on that information was correct. We'll also check whether you contacted us to discuss any queries on your award notice, and whether we answered them.

We'll also check:

- that you gave us accurate and up-to-date information when you claimed tax credits
- that you told us about any changes of circumstance at the right time (in the timescales listed on the checklist)
- that you checked your award notice **within one month** of getting it and checked that the payments you got matched the amounts on the award notice
- that you checked your award notice **within one month** of getting it, and if and when you told us about any mistakes

- whether you told us of any exceptional circumstances that meant you couldn't tell us about a change of circumstance or about our mistake **within one month**.

Once we've checked whether we've met our responsibilities and you've met yours we'll decide whether an overpayment should be paid back.

We'll decide whether you must pay back all or only part of an overpayment. We'll give you our decision, along with our reasons, usually in writing.

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We may not ask you to pay back an overpayment if you contacted us to tell us your difficult personal circumstances meant you couldn't check your award notice or bank payments. For example, a member of your family may be seriously injured in a car crash. If this is the case please phone our Helpline as soon as possible.

If you still think you shouldn't pay back an overpayment

If you're still unhappy that we've decided to continue collecting an overpayment and this is because you've **new** information to give us, please write to us as soon as possible, see page 12. We'll stop collecting an overpayment while we review the **new** information.

We may also review your case if you feel we haven't considered information you've previously given us. However we won't stop collecting an overpayment whilst we do this.

If you don't have any new information to give us, but you're still unhappy with our decision, you may wish to contact a professional adviser or an organization like Citizens Advice to consider what options are open to you, including any through the courts.

If you're not happy with our service please see 'Putting things right' on page 12.

When you can appeal

Whilst you can't appeal against our decision to recover an overpayment, you can appeal against your tax credit award if you're not happy with our decision about the **amount** of an overpayment.

You can also appeal against any penalty we've imposed in connection with your tax credits claim.

We'll always tell you if you've a right of appeal on the notice that sets out our decision.

For more information about making an appeal, please see our leaflet *How to appeal against a tax credits decision or award* (WTC/AP). You can get a copy:

- online at www.hmrc.gov.uk
- from any HMRC office or Enquiry Centre.

Paying back an overpayment

We can collect back an overpayment from you in two ways. We can reduce the payments you get from an ongoing award, or ask you to make direct payments to us. In some cases we may ask you to do both.

From an ongoing award

If you're still getting tax credit payments as the same household for which an overpayment arose, we'll automatically reduce your payments to recover an overpayment from an ongoing award. How much we reduce your payments by will depend on how much you're getting. We reduce awards at different levels, please see the table below.

| Your tax credit award | The most we'll take back |
|--|--------------------------|
| If you're getting the maximum tax credits with no reduction due to income | 10% |
| If you're only getting the family element of Child Tax Credit | 100% |
| All other awards - for example, those entitled to Child Tax Credit above the family element, or Working Tax Credit below the maximum | 25% |

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By direct payment

If you want help understanding which recovery rate applies to you, please phone our Helpline.

If you feel that you can't meet your essential living expenses because we've reduced your payments please see 'If you can't pay your essential living expenses' on page 10.

If you're no longer entitled to tax credits, we'll ask you to make a direct payment to us. Or, if your tax credit award has ended (this might happen if there is a change in your household for example, you were single and now you're in a couple) then we'll ask you to make a direct payment to us. We'll do this even if you're getting another award of tax credits for a new household you're part of.

From an ongoing award and by direct payment

This may happen if you've an overpayment from an old award which ended and you've an overpayment from a current award. For example, you and your partner separate and you then made another claim as a single person or in a new couple. We could ask you to pay back an overpayment from your current award as well as a direct payment from your previous award.

Asking for more time to pay back a direct payment

If we've asked you to pay back an overpayment directly from a previous award but you need more time to pay it back, please phone our Payment Helpline on **0845 302 1429** as soon as possible. We can arrange for you to pay it back in equal installments over 12 months.

If you need more than 12 months, please tell us when you phone. We'll want to know:

- your family circumstances, in particular anyone chronically ill or disabled
- your income now and in the future
- your living expenses (for example, rent, council tax, gas or electricity bills)
- your savings, investments and other assets
- your other debts (for example, mortgage repayments)
- how long it will take you to pay back an overpayment
- whether you're paying back a previous overpayment or have recently repaid one.

Financial hardship

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If you can't pay for your essential living expenses

If you and your partner separate

If you need to discuss financial hardship with us, but exceptional circumstances such as a family crisis, mean that you don't have time to give us the full details, please try and give us a quick call to explain this. We'll put the recovery on hold until you can discuss your situation in detail.

When you phone we may ask you about any family circumstances that may lead to extra living costs. For example if you're looking after someone who is chronically ill or disabled. In some exceptional circumstances, we may write off an overpayment altogether.

We can tell you more about the different direct payment options if you phone our Helpline.

If

- you're paying back an overpayment directly, or
- we've reduced your ongoing payments so you can pay back an overpayment, or
- we've asked you to pay back an overpayment, and
- you can't pay for your essential living expenses such as your rent, gas, or electricity please phone our Helpline.

We'll ask you about your circumstances in detail. Please see 'Asking for more time to pay back a direct payment' on page 9.

Whether you are repaying your overpayment from a reduction in your tax credit payments or through a direct payment, we may offer you an option for extending the period over which you pay back the overpayment by reducing the amount being recovered each month or stop recovery in exceptional circumstances. If we do reduce the amount, it will take you longer to pay off an overpayment.

In exceptional circumstances, we may write off an overpayment altogether.

If you and your partner separate, your joint claim will end. We'll work out if you've been overpaid. If you have, we'll write to you both, usually at the end of the tax year to:

- tell you how much we've overpaid you by
- ask you to contact us to arrange to pay back the money.

We'll usually ask each of you to pay 50% by direct payment, within 30 days. Or, you can both agree to pay different amounts. For example, one of you can agree to pay 30% and the other 70%. However, if your agreement fails we'll ask you to pay 50%.

We'll make every effort to contact you both, but if we cannot contact one of you, we may ask the person we can contact to pay the whole amount. This is because by law we are able to recover the whole overpayment from both of you or one of you alone. However, we will only ask you to pay the whole amount after making every possible attempt to contact your ex-partner and failing to do so.

If you feel that you can't pay back the full amount please phone our Helpline. We may be able to arrange for you to pay less, or in exceptional circumstances write off the overpayment.

You can make a new claim as a single person or with a new partner. To make a claim please phone our Helpline. However, we can't reduce your payments from your new claim to collect back an overpayment from an earlier claim. You must pay for a previous overpayment directly.

Contact us

When you contact us please tell us:

- your full name
- your National Insurance number
- a daytime telephone number.

By phone:

- Tax Credits Helpline on **0845 300 3900**. Open from 8.00am to 8.00pm seven days a week. Textphone **0845 300 3909**
- if you prefer to speak in Welsh **0845 302 1489**
- from abroad if you can't get through on the Helpline, please phone **00 44 289 0808 316**

In person:

- visit any HMRC office or Enquiry Centre - you may need to make an appointment to see an adviser.

In writing: Write to us at the

- address shown on your award notice, or
- Tax Credit Office
Preston
PR1 0SB.

Customer Service

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We'll:

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you get or pay only the right amount due.

If you're not satisfied with our service, please let the person dealing with your affairs know what is wrong. We'll work as quickly as possible to put things right and settle your complaint.

If you're still unhappy, ask for your complaint to be referred to the Complaints Manager.

**HM Revenue
& Customs
commitment**

Putting things right

Customers with particular needs

If you've exhausted HM Revenue & Customs complaints procedures and are still unhappy, you may wish to take your case to the Adjudicator or Parliamentary Ombudsman. For more information please see our factsheet *Complaints and putting things right* (C/FS). You can get a copy

- online at www.hmrc.gov.uk
- from any Enquiry Centre.

We offer a range of facilities for customers with particular needs, including:

- wheelchair access to nearly all HMRC Enquiry Centres
- help with filling in forms
- for people with hearing difficulties
 - BT Typetalk
 - Induction loops.

We can also arrange additional support, such as:

- home visits, if you've limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- services of an interpreter
- sign language interpretation
- leaflets in large print, Braille and audio.

For complete details please:

- contact your nearest Enquiry Centre
- contact us. You'll find us in *The Phone Book* under HM Revenue & Customs.

These notes are for guidance only and reflect the position at the time of writing. They don't affect any right of appeal.

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