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HMRC internal manual

Complaints and Remedy Guidance

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CRG6050 - Payments for worry and distress: Criteria for considering payment

[Complain about HMRC](#) (<https://www.gov.uk/complain-about-hmrc>) on GOV.UK says:

If the impact of our actions have affected a customer, causing them worry or distress, in some cases we may be able to make a payment to acknowledge this and apologise. Worry and distress payments are only made to individuals. That means we would not make a worry and distress payment to a company who has complained, even if we have got something wrong. However, some companies are in effect a “one man band” with only one director or where both husband and wife are directors. Even with larger concerns

there may be exceptional instances where our actions have had an adverse impact on a particular individual of the company (director, partner or employee). You should not rule out making a worry and distress payments in these cases where the particular individual has been affected by our actions.

Where our shortcomings have impacted a company, we will of course consider making good an actual financial loss or reimbursing additional reasonable costs as per [CRG5000](#) (<https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5000>).

Remember, we must have made a mistake or caused unreasonable delay if we are to consider making a payment. Unlike a claim for costs, we should be proactive in making payments. If it is obvious that our mistake(s) have caused worry and distress, there is no need to wait for the customer to tell us.

However, we will not make payments in every case. Normally, it is fair to assume that if a person has been affected in this way by our mistake or unreasonable delay, they will mention it early on when they contact us. So, we would not expect a person to raise the matter at the latter stages of a complaint, or for an agent to raise this on behalf of the client if the client is unaware of our error.

It is likely that some business areas encounter cases where a payment for worry and distress is appropriate more often than other business areas. For example, a significant number of the TCO's customers rely on the tax credits we pay, and failings on our part can potentially affect those customers particularly badly.

In order to judge, listen to what the customer tells you about the impact of our mistake and consider what our mistake was. And remember also that worry and distress can manifest itself in a number of ways. It may be necessary to make some very sensitive judgements here, but the following ideas may help:

- Consider the person involved. Our mistakes and delays may affect certain people more seriously than others. Examples may include elderly customers, people who have been recently bereaved or people who are unwell. But do not generalise. Treat each case sensitively and on the circumstances surrounding it.
- Look at the impact. A mistake, which you consider to be fairly minor, may have had a major impact. An incorrect penalty notice may have arrived on the day of a funeral. Or a short delay in paying a tax credit may have meant a customer going without over a weekend. We do not expect staff to second guess what impact our mistakes may have had, but once the customer has explained the impact to us we need to consider what amount of payment might be appropriate.
- Consider how long the problem went unresolved. For example, has our customer endured distress over a protracted period of time as a direct result of our mistake and inability to rectify matters?

In the case of system failure (see CRG5550), if our error affects a customer, then consider a payment for worry and distress in accordance with our general guidance on financial redress. Remember, however, that it is not our policy to compensate for the notional or hypothetical cost of a customer's "own time".

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